CARING

LIVING

WORKING

Cofinimmo
together in real estate

2018 Annual Financial Report

About Cofinimmo

Cofinimmo has been acquiring, developing and managing rental properties for over 35 years. The company has a portfolio spread across Belgium, France, the Netherlands and Germany, with a value of 4 billion EUR. With attention to social developments, Cofinimmo has the mission of making high-quality care, living and working environments available to its partners-tenants, from which users benefit directly. “Caring, Living and Working - Together in Real Estate” is the expression of this mission. Thanks to its expertise, Cofinimmo has built up a healthcare real estate portfolio of almost 2 billion EUR in Europe.

As an independent company that applies the highest standards of corporate governance and sustainability, Cofinimmo offers its tenants services and manages its portfolio through a team of over 130 employees in Brussels, Paris, Breda and Frankfurt.

Cofinimmo is listed on Euronext Brussels (BEL20) and benefits from the REIT system in Belgium (RREC), France (SIIC) and the Netherlands (FBI). Its activities are supervised by the Financial Services and Markets Authority (FSMA), the Belgian regulator.

On 31.12.2018, Cofinimmo’s total market capitalisation stood at 2.5 billion EUR. The company applies an investment policy aimed at offering a socially responsible, long-term, low-risk investment that generates a regular, predictable and growing dividend.

1983
Founding (capital: 6 million EUR)

1994
Listing on the Brussels stock exchange, now called Euronext

1996
Adoption of Belgian SICAFI status

2005
First healthcare real estate investment in Belgium

Awarding of the first Public-Private Partnership (PPP): the Antwerp courthouse

2007
Partnership with AB InBev Group for a portfolio of 1,068 pubs and restaurants located in Belgium and the Netherlands (Pubstone)

2008
Start-up in France in the healthcare real estate segment

Adoption of SIIC status (French REIT regime)

2011
Partnership with MAAF for a portfolio of 283 insurance agencies in France (Cofinimur I)

First emission of convertible bonds

2012
Start-up in the Netherlands in the healthcare real estate segment

Adoption of FBI status (Dutch REIT regime)

2013
Start of reconversion works to transform office buildings into residential (Woluwe 34 and Livingstone I)

2014
Start-up in Germany in the healthcare real estate segment

Adoption of RREC status in Belgium

2015
Capital increase with preference rights in the amount of 285 million EUR

Continued investments in healthcare real estate in the Netherlands and Germany

2016
Continued investments in healthcare real estate in the Netherlands and Germany

Acquisition of five office buildings in Brussels

Opening of the first Flex Corners® and Lounges®

Issue of ‘Green and Social Bonds’

2017
Continued investments in healthcare real estate in the Netherlands and Germany

Delivery of the reconversion works to transform an office building into a nursing and care home (Woluwe 106-108)

2018
Capital increase with irrevocable allocation rights in the amount of 155 million EUR

Acquisition of a portfolio of 17 nursing and care homes in Germany

50 % of global portfolio invested in healthcare real estate

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When Alternative Performance Measures (APM) are used, their definition and calculation are available on the website **www.cofinimmo.com**

Henri Dunant nursing and care home - Brussels (BE)

Risk factors

This chapter covers the main risks faced by the Cofinimmo Group, their trends, their potential effects on its activity as well as the various factors and actions mitigating the potentially negative impact. Mitigating factors and measures mentioned in this chapter and detailed further on in the report do not necessarily enable the company to completely erase all of the potential effects of the identified risks. As a consequence, all or part of the impact will be at the expense of Cofinimmo, or indirectly, at the expense of its shareholders.

Client risks

Risk level	Trend	Risk description	Potential impact	Mitigating factors and measures
○ ● ●	=	**Reduced solvency/ bankruptcy of clients-tenants**	1. Unexpected rental vacancy. 2. Loss (total or partial) of rental income. 3. Negative impact on rental income: rents revised downwards, granting of rent-free periods and incentives, higher marketing expenses to attract new tenants. 4. Negative impact on the value of the property portfolio.	· The Group's five main tenants account for 50.9 % of its gross rental income (see page 68). (1,2,3,4) · Credit risk analysis requested from an external rating agency or carried out internally prior to the acceptance of a new client. (1,2,3,4) · For the healthcare real estate sector, advance/bank guarantee corresponding to three months' rent required from non-public sector tenants and/or a guarantee from the parent company. (1,2,3,4) · For the office building sector, advance/bank guarantee corresponding to six months' rent required from tenants. For financial institutions, no bank guarantee is required. (1,2,3,4) · Rents are payable in advance (monthly/quarterly/annually). A quarterly provision is requested to cover property charges and taxes, which are incurred by the Group, but can contractually be invoiced to our tenants. (1,2,3,4) · A large portion of the healthcare operator income is received directly or indirectly from social security organisations. (1,2,3,4) · In-depth solvency analysis of all new healthcare tenant-operators. Annual review of the Group's healthcare tenant-operators' solvency and in-depth analysis of those whose financial situation is deteriorating. (1,2,3,4) · The office portfolio is 20.3 % leased to public sector tenants. (1,2,3,4)
○ ● ●	↓	**Predominance of the largest tenants/operators**	1. Considerable negative impact on rental income in the event of departure. 2. Non-respect of the RREC regime if one single tenant represents more than 20 % of the fair value of the portfolio.	· Diversified client base: 473 tenants. (1,2) · More than 40 tenant-operators in healthcare real estate. (1,2) · The Group's five main tenants account for 50.9 % of its gross rental income (see page 68). (1,2) · The public sector accounts for 7.2 % of the gross rental income (see page 68). (1,2) · The Group's two main tenants generate respectively 16 % (Korian) and 12.8 % (AB InBev) of its gross rental income (see page 68). (2) · Investment policy aims to avoid a single tenant exceeding 20 % of the portfolio fair value. (2)
○ ● ●	=	**Non-renewal or early termination of leases**	1. Unexpected rental vacancy. 2. Negative impact on rental income: rents revised downwards, granting of rent-free periods and incentives, higher marketing expenses to attract new tenants. 3. Negative impact on the value of the property portfolio.	· Proactive marketing and property management by internal teams. (1,2,3) · Ongoing contact between the in-house sales team and the main real estate agencies. (2) · All of the leases provide for compensation in the event of early departure of tenants. (2)

Property portfolio risks

Risk level	Trend	Risk description	Potential impact	Mitigating factors and measures
○ ● ●	=	**Inappropriate choice of investments or (re)development projects**	1. Negative impact on the Group's income potential. 2. Mismatch with market demand and vacancy. 3. Expected yields not achieved.	• Strategic risk analysis and technical, administrative, legal, accounting and taxation due diligence carried out before each acquisition. (1,2,3) • In-house and external valuations (independent expertise) of each property to be acquired or sold. (1,2,3) • Marketing of (re)development projects before acquisition. (1,2,3)
○ ○ ●	=	**Excessive (re) development pipeline for own account**	Uncertainty regarding future income.	• Activity limited to maximum 10 % of the property portfolio fair value.
○ ○ ●	=	**Poor management of major projects**	1. Budget and timing are not met. 2. Increase in costs and/or reduction in income and, therefore, negative impact on projects' profitability.	• Specialised in-house Project Management team. (1,2) • Selection of specialised external project managers for the larger projects. (1,2)
○ ● ●	=	**Negative change in the properties' fair value**	1. Negative impact on the net result, the net asset value and the debt ratio. At 31.12.2018, a 1 % value change would have an impact of around: • 37.3 million EUR on the net result (compared to 35.1 million EUR at 31.12.2017); • 1.68 EUR on the net asset value per share (compared to 1.65 EUR at 31.12.2017); • 0.39 % on the debt ratio (compared to 0.41 % at 31.12.2017). 2. If the cumulative changes in the properties' fair value exceed the distributable reserves, partial or total inability to pay a dividend.	• Property portfolio valued by independent experts on a quarterly basis conducive to the implementation of corrective measures. (1,2) • Clearly defined and prudent debt policy. (1,2) • Investment strategy focusing on quality assets and providing stable income. (1,2) • Diversified property portfolio subject to different valuation trends able to offset one another. (1,2) • Granularity of the property portfolio: the five main assets only account for 8.3 % of the total value of the portfolio (see page 90) compared to 9.4 % at 31.12.2017. (1,2) • 121.5 million EUR distributable reserves at 31.12.2018. (2) • Regular analysis of the parent company's distributive capacity and ad hoc analysis for large building acquisitions or sale transactions or for financial transactions' structuring. (2) • Ability to carry out certain transactions already realised in the past to ensure dividend distribution: distribution of the Group's subsidiaries' dividends to its parent company and restatement of non-distributable reserves, corresponding to capital gains realised through mergers with the parent company, as distributable reserves. (2)
○ ● ●	=	**Vacancy**	1. Negative impact on rental income: rents revised downwards, granting of rent-free periods and incentives, higher marketing expenses to attract new tenants. The cost of ownership of unoccupied properties amounted to 4.49 million EUR in 2018. 2. Negative impact on the value of the property portfolio.	• Proactive marketing and property management by internal teams. (1,2) • Long weighted average residual lease length (10.9 years at 31.12.2018) with maximum 13 % expiring during a single year. (1,2) • Occupancy rate of the healthcare properties, property of distribution networks and PPP property portfolios in excess of 98 %. Occupancy rate of the office portfolio (88.8 % at 31.12.2018) in line with the average of the Brussels office market (see page 66). (1,2)
○ ○ ●	=	**Excessive maintenance costs**	Negative impact on the results.	• Limited maintenance obligations for healthcare real estate and property of distribution networks portfolios ('double net' or 'triple net' leases). • Regular visits to healthcare assets to verify the condition they are in. • A periodic maintenance policy is applied for the office portfolio.
○ ● ●	=	**Wear and tear and deterioration of properties**	Negative impact on the commercial appeal of buildings.	• Long-term policy for the systematic replacement of facilities. • Regular property renovation programme. • Properties are sold if the price offered exceeds the estimated value net of anticipated refurbishment costs. • New building construction.
○ ○ ●	=	**Destruction of buildings**	1. Business activity interrupted and negative impact on rental income. 2. Negative impact on the value of the property portfolio.	• Portfolio insured for a total reconstruction value of 1.80 billion EUR (vs. fair value, including land, of 1.56 billion EUR). The insurances cover 41.7 % of the portfolio (100 % when the insurances taken out by tenants are taken into account). This amount does not include insurances taken out for works or those for which occupants are contractually responsible (i.e. for healthcare real estate in Belgium, France, the Netherlands and in Germany, for the property of distribution networks and certain office buildings). The corresponding insurance premium is 610,249 EUR. • Cover against vacancies caused by disasters. • Owner or project supervisor civil liability insurance.

○ ○ ●	↑	**Resilience to climate change**	1. More difficult access to electricity networks. 2. Physical impact on buildings due to extreme weather conditions. 3. Changes to environmental regulations. 4. Negative impact on the value of a building. 5. Increase in costs to be incurred to maintain a building in operating condition. 6. Negative impact on the Group's ability to operate a building. 7. Potential impact on the Group's reputation.	· Analysis of the potential and installation of photovoltaic units in the portfolio on a third-party investor basis. (1) · Issue of Green and Social Bonds to refinance the acquisition and development of high-performance buildings. (1,2,3,4) · Promote buildings with a good location in terms of mobility and sustainable modes of transport. (2,3,4) · Incorporation of flood risks and environmental aspects into the due diligence process at each acquisition. (2,3,4) · Active policy to optimise the energy performance of buildings, getting ahead of legislation whenever possible. (3,4,5,6) · Active policy of optimising the water consumption of buildings, prioritising on the use of non-drinking water whenever possible. (3,4,5,6) · Construction and renovation of properties with an excellent energy performance by incorporating the life cycle analysis of a building. (3,4,5,6) · Purchase of 100 % renewable electricity for buildings under management. (7) · Transparent communication (see 2018 Sustainability Report) on non-financial indicators in accordance with EPRA and GRI. (7)

Market risks

Risk level	Trend	Risk description	Potential impact	Mitigating factors and measures
○ ○ ●	↑	**Deterioration of the overall economic environment**	1. Negative impact on the demand and the occupancy rate of space, and on rents. 2. Negative impact on the value of the property portfolio. 3. Negative impact on the price and timing of sales of the residential properties converted from office properties.	· Long-weighted average lease length (10.9 years as at 31.12.2018) (see page 67). (1,2) · Healthcare real estate (50 % of the portfolio at 31.12.2018) and Public-Private Partnerships not very sensitive to changes in the overall economic environment. (1,2) · Property of distribution networks (15 % of the portfolio at 31.12.2018) operating as points of sale for the products/services of tenants and are, therefore, necessary for their business. (1,2) · Office portfolio (34 % of the portfolio at 31.12.2018), 20.3 % leased to public sector tenants. (1) · Partial pre-sale of a number of flats prior to the launch of a reconversion project. (3)

Legislation risks

Risk level	Trend	Risk description	Potential impact	Mitigating factors and measures
○ ○ ●	=	**Non-compliance with RREC, SIIC and FBI regime requirements**	1. Loss of the tax transparency regime. 2. Compulsory early repayment of certain loans.	· Professionalism of the teams ensuring rigorous compliance with the obligations. · Ongoing updates to a five-year financial plan to track the Group's compliance with its obligations.
○ ● ●	=	**Unfavourable changes in the RREC, SIIC or FBI regimes (or in their application by the public authorities)**	Negative impact on the net result and on the net asset value. In the Netherlands, Cofinimmo benefits from the fiscal regime 'Fiscale Beleggingsinstelling' (FBI) through its subsidiary Superstone. The Dutch tax authorities informed Cofinimmo that, as Superstone shareholder, it must undergo a new shareholder test after which it could qualify as FBI as well. Discussions between the Dutch tax authorities and Cofinimmo are ongoing. Cofinimmo believes it can pass the shareholder test and reach a reasonable agreement with the Dutch tax authorities, in order for Superstone to keep its FBI regime. In the unlikely event in which Cofinimmo's subsidiaries would lose their FBI regime and would fall under the 'conventional' tax regime, the impact on the result 2019 is forecasted at 1.4 million EUR.	· Regular contact with public authorities. · Participation in organisations and federations representing the sector. · Changes in legal structure and/or the Group's operating procedures.
○ ● ●	↑	**Changes in town-planning legislation**	1. Negative impact on the value of a building. 2. Increase in the costs incurred to maintain a building in operation. 3. Negative impact on the Group's ability to operate a building.	· Regular contact with town-planning authorities to propose alternative solutions.
○ ● ●	=	**Changes in social security regimes**	Negative impact on the solvency of healthcare operators.	· Monitoring of regulatory trends.
○ ● ●	=	**Legal proceedings or arbitration against the company**	Negative impact on the net result and, potentially, on the company's image and on the share price.	· Management of all in-house factors that could have a negative impact resulting in the poor execution of a contractual obligation. · Professionalism of the teams ensuring rigorous compliance with the obligations.

○○●	=	**Hidden liabilities resulting from mergers, demergers and contributions**	Negative impact on the net result and/or on the net asset value.	· Due diligence: appropriate technical, administrative, legal, accounting and tax audits when acquiring property companies and assets.
○○●	=	**Difference between the real value (used to calculate the exit tax) and the fair value (stated in the balance sheet) of the property portfolio**	Increase of the basis on which the exit tax is calculated.	· Group compliance with exit tax calculation provisions.

Financing risks

Risk level	Trend	Risk description	Potential impact	Mitigating factors and measures
○○●	=	**Financial and banking markets unfavourable to real estate and/or to Cofinimmo**	1. More difficult access to credit and negative impact on costs. 2. Negative impact on liquidity.	· Diversification of financing sources between the banking market (19 %) and various segments of the capital markets (81 %) (see page 73). (1) · Stable, diversified banking pool. (1) · Well-balanced maturities spread over time (see page 73). (1) · Fully hedged commercial paper programme. (1) · Sufficient volume of liquidity on confirmed credit lines to cover medium-term operational and investment expenditures and short-term refinancing. (1,2)
○○●	↓	**Insolvency of financial or banking counterparties**	Negative impact on results.	· Several renowned national and international banking counterparties, all with a solid financial rating.
○●●	=	**Changes in (future) market interest rates**	1. Negative impact on the value of financial instruments. 2. Negative impact on financial charges. 3. Negative impact on the net result and on the net asset value. 4. Negative impact on the Group's financial rating, on the cost of financing and on liquidity (see Change in the Group's public financial rating).	· Part of the debt is contracted at a floating rate. (2,3,4) · In the absence of hedging, an interest rate increase of ten basis points would increase financial charges by 0.13 million EUR. (2,3,4) · At 31.12.2018, the percentage of hedged fixed-rate debt and floating-rate debt amounted to 86 % (see page 73). (2,3,4) · Over 80 % of the floating-rate debt is hedged using derivative instruments until 2021 (see page 73). (2,3,4) · In 2019, assuming that the structure and the level of debt remain identical to those at 31.12.2018, and taking into account the implemented hedging instruments, a 50 basis point increase or decrease in interest rates would impact the cost of financing through an increase or decrease of four basis points. (2,3,4)
○●●	↑	**Increase in credit margins**	Increase in financial charges.	· Diversification of borrowing sources to optimise average credit margins. · Capital raised at fixed margins over the medium and long term.
○●●	=	**Non-renewal or termination of financing contracts**	Negative impact on liquidity.	· Ten renowned banks. · Different sources of financing: bank debt, issue of convertible and non-convertible bonds, Green and Social Bonds , commercial paper programme, etc. (see page 73). · Refinancing carried out at least 12 months in advance in order to optimise conditions and liquidity.
○●●	=	**Change in the fair value of hedging instruments**	Positive or negative impact on shareholders' equity and net asset value.	· Implementation of hedging instruments for all sources of financing and not only specific credit lines.
○●●	↓	**Deflation risk**	Negative impact on rental income.	· The leases usually provide that any new indexed rent may not be lower than the previous rent or the rent of the first year's lease. Indexation of certain minority technical charges may be higher than the one applied to rents.
○●●	=	**Debt risk**	1. Cancellation/termination of loan agreements or early repayment. 2. Non-compliance with RREC, SIIC or FBI requirements and resulting penalties.	· Prudent financial and debt policy and ongoing monitoring. (1,2) · At 31.12.2018, Cofinimmo's debt ratio stood at 43 %, a level far below the 60 % limit stated in the loan and credit lines agreements and the 65 % limit required by RREC regulations (see page 73). (1,2)
○○●	=	**Exchange risk**	Loss of value of investments and cash flows.	· Cofinimmo is not exposed to currency exchange risks except in the event that the eurozone splits up.
○●●	=	**Share price volatility**	More difficult access to new shareholders' equity.	· Management of in-house factors, which may have a negative impact on the share price. · Frequent communication with shareholders and publication of financial information forecasts.
○●●	=	**Change in the Group's public financial rating**	Negative impact on the cost of financing and liquidity.	· Close relationship with the rating agency and taking into account its recommendations regarding financial ratios, sources of financing, liquidity and interest rate hedging.

Preliminary remarks

This Annual Financial Report contains regulated information within the meaning of the Royal Decree of 14.11.2007 on the obligations of issuers of financial instruments admitted to trading on a regulated market.

This Annual Financial Report is a registration document in the sense of Article 28 of the Law of 16.06.2006 on public offerings of investment instruments and the admission of investment instruments authorized to trading on a regulated market. The French version has been approved by the FSMA in accordance with Article 23 of the aforementioned Law, on 20.03.2019. This approval does not contain any appraisal of the Group's situation.

This document has not been submitted for approval to control organisations or control authorities outside Belgium.

Languages

This Annual Financial Report, originnally established in French, has been approved as registration document by the FSMA. The Dutch and English versions are translations made under Cofinimmo's responsibility. Only the French version constitutes legal evidence.

Availability of the Annual Financial Report

A free copy of this Annual Financial Report can be obtained upon request by contacting:

Cofinimmo SA/NV
58 Boulevard de la Woluwedal
1200 Brussels
Belgium

Tel. : 02 373 00 00
Fax : 02 373 00 10
Email : info@cofinimmo.be

The report is also available on the website www.cofinimmo.com.

Declarations

Statements of the Responsible Persons (Royal Decree of 14/11/2007, Article 12, § 2, 3°)
Mister Jacques van Rijckevorsel, Chairman of the Board of Directors and Mister Jean-Pierre Hanin, CEO, declare on behalf of the Board of Directors, whose composition is provided on pages 130 to 133 of this Report that, to the best of their knowledge:

- the financial statements, prepared in compliance with the applicable accounting standards, give a fair and true picture of the portfolio, of the financial situation and of the results of Cofinimmo SA/NV (parent company and subsidiaries included in the consolidation);
- the Management Report includes a fair review of the activities' evolution, the results and the situation of Cofinimmo SA/NV (parent company and subsidiaries included in the consolidation), as well as a description of the main risks and uncertainties they are facing.

De Voorste Stroom medical office building - Oisterwijk (NL)

Oranjeplein medical office building - Goirle (NL)

Statements of the Responsible Persons (Annex I to EC 809/2004 of 29/04/2004, point 1.2)

Mister Jacques van Rijckevorsel, Chairman of the Board of Directors and Mister Jean-Pierre Hanin, CEO, certify on behalf of the Board of Directors, whose composition is provided on pages 130 to 133 of this report that, after taking all reasonable measures to this end, the information contained in this Annual Financial Report is, to the best of their knowledge in accordance to the facts and contains no omissions likely to alter its scope.

Statements concerning the Directors and the Members of the Executive Committee (Annex I to EC 809/2004 of 29/04/2004, point 14.1, 16.2)

The Board of Directors of Cofinimmo declares that:

- no family ties exist between the directors and/or members of the Executive Committee;
- none of the Directors and none of the members of the Executive Committee have been convicted in the past five years of a fraud-related offence, or have been implicated in the past five years in a bankruptcy, sequestration or liquidation;
- none of the Directors and none of the members of the Executive Committee was the object of incrimination and/or official public sanction expressed by a legal or supervisory authority (including designated business organisations);
- none of the Directors and none of the members of the Executive Committee have been, in the past five years, prevented by a court from acting as a member of an administrative, management, or supervisory body of an issuer or from being involved;
- no employment contract has been entered into with the Directors, which provides for the payment of compensation upon termination of the employment contract, subject to the comment in the 'Contractual terms of the members of the Executive Committee' section of the 'Corporate governance statement' chapter.

Statements concerning information from third parties, evaluator reports and declarations of interests (Annex I to EC 809/2004 of 29/04/2004, point 23)

The information provided by third parties published in this Annual Financial Report, such as the independent evaluators' report and the Statutory Auditor's Reports, whose name and business addresses are shown on pages 150 to 151 of this Report, has been included with the consent of the person vouching for its content, form and context;

The information provided by third parties published in this Annual Financial Report, has been faithfully reproduced and, insofar as the Board of Directors is aware, and is able to ensure, in light of data published by this third party, no facts have been omitted that might render the information reproduced incorrect or misleading.

Statements concerning forecast information (Annex I to EC 809/2004 of 29/04/2004, point 13.1)

This Annual Financial Report contains forecast information based on the plans, estimates and forecasts of the Group, as well as on its reasonable expectations regarding external events and factors. By its nature, the forecast information is subject to risks and uncertainties that may have as a consequence that the results, financial situation, performance and actual figures differ from this information. Given these uncertainty factors, the statements made regarding future developments cannot be guaranteed.

Statements concerning historical financial information referred to by reference (Annex I to EC 809/2004 of 29/04/2004, point 20.4.1)

The Annual Financial Reports of the past five years (notably those of financial years 2016 and 2017 which are included as reference material in this Annual Financial Report) which include the annual statutory accounts, the consolidated annual accounts and the Statutory Auditor's reports, as well as the Half-Yearly Financial Reports, can be consulted on the website www.cofinimmo.com. The Statutory Auditor for the period covered by the 2016 historical information is SC s.f.d. SCRL/BV o.v.v.e. CVBA Deloitte, Reviseurs d'Entreprises/Bedrijfsrevisoren, represented by Frank Verhaegen, and from 2017 and 2018 is SC s.f.d. SCRL/BV o.v.v.e. CVBA Deloitte, Reviseurs d'Entreprises/Bedrijfsrevisoren, represented by Rik Neckebroeck.

Informations incorporated by reference

Information	Document
Historical financial information for the last three financial years	Annual Financial Report 2018 Annual Financial Report 2017 Annual Financial Report 2016
Statement of the Statutory Auditor	Annual Financial Report 2018 Annual Financial Report 2017 Annual Financial Report 2016
Informations on the main investments	Annual Financial Report 2018 Annual Financial Report 2017 Annual Financial Report 2016
Breakdown of total revenue by type of activity and by market for the last three financial years	Annual Financial Report 2018 Annual Financial Report 2017 Annual Financial Report 2016
Description of the financial position and of the results of the operations	Annual Financial Report 2018 Annual Financial Report 2017 Annual Financial Report 2016
Information on the personnel	Annual Financial Report 2018 Annual Financial Report 2017 Annual Financial Report 2016
Important agreements concerning a change of control in the event of a takeover bid	Annual Financial Report 2018 Annual Financial Report 2017 Annual Financial Report 2016

Section
• Fully (including the key figures on page 22, the summary of the consolidated accounts on p. 74 to 81 and the annual accounts on p. 153 to 253)
• Fully (including the key figures on page 22, the summary of the consolidated accounts on p. 28 to 35 and the annual accounts on p. 149 to 241)
• Fully (including the key figures on page 16-17, the summary of the consolidated accounts on p. 26 to 33 and the annual accounts on p. 180 to 259)
• Statutory Auditor's report on: • The projections on p. 88 and 89; • The consolidated accounts on p. 234 to 239; and • The financial statutory statements on p. 248 to 253.
• Statutory Auditor's report on: • The projections on p. 54 and 55; • The consolidated accounts on p. 222 to 227; and • The financial statutory statements on p. 236 to 241.
• Statutory Auditor's report on: • The projections on p. 58 and 59; • The consolidated accounts on p. 250 and 251.
• Healthcare real estate: p. 32 to 45 • Property of distribution networks: p. 46 to 49 • Public-Private Partnerships: p. 50 to 51 • Offices: p. 52 to 61
• Healthcare real estate: p. 58 to 69 • Property of distribution networks: p. 80 to 83 • Public-Private Partnerships: p. 84 to 85 • Offices: p. 70 to 79
• Healthcare real estate: p. 60 to 75 • Property of distribution networks: p. 88 to 91 • Public-Private Partnerships: p. 92 to 93 • Offices: p. 76 to 87
• Annual accounts in Note 5 (sector information) p. 172 to 173
• Annual accounts in Note 5 (sector information) p. 170 to 171
• Annual accounts in Note 5 (sector information) p. 200 to 201
• Section 'Management of financial ressources' p. 70 to 73; and • Notes to the consolidated accounts p. 160 to 233.
• Section 'Financial strategy in action' p. 86 to 89; and • Notes to the consolidated accounts p. 158 to 221.
• Section 'Management of financial ressources' p. 94 to 101; and • Notes to the consolidated accounts p. 188 to 249.
• Section 'Corporate Governance statement' p. 128; • Annual accounts in Note 43 p. 231.
• Section 'Corporate Governance statement' p. 93; • Annual accounts in Note 41 p. 219.
• Section 'Corporate Governance statement' p. 109; • Annual accounts in Note 45 p. 249.
• Section 'Corporate Governance statement' p. 143
• Section 'Corporate Governance statement' p. 106
• Section 'Corporate Governance statement' p. 136

Message to the shareholders

Cofinimmo has been acquiring, developing and managing rental properties for over 35 years. With attention to social developments, Cofinimmo has the mission of making high-quality care, living and working environments available to its partners-tenants. (“Caring, Living and Working – Together in Real Estate”).

Jacques van Rijckevorsel
Chairman of the Board of Directors

Jean-Pierre Hanin
Chief Executive Officer

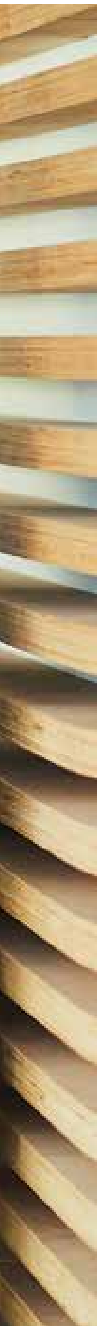
“In 2018 the Group accelerated its growth in healthcare real estate (‘Caring’) by investing 300 million EUR in one year, which is approximately three times the average amount of the last financial years.”

Jean-Pierre Hanin, Chief Executive Officer

Dear shareholders,

Cofinimmo has been acquiring, developing and managing rental properties for over 35 years. With attention to social developments, Cofinimmo has the mission of making high-quality care, living and working environments available to its partners-tenants. (“Caring, Living and Working – Together in Real Estate”).

‘Caring’ covers healthcare real estate, a booming sector at European level, to which Cofinimmo made its entry in 2005 by acquiring nursing and care homes. Cofinimmo then diversified its healthcare portfolio through acquisitions of medical office buildings, specialised clinics, revalidation clinics, psychiatric institutions, etc.



Thanks to its expertise, Cofinimmo continued to consolidate its leadership in European healthcare real estate throughout 2018. Cofinimmo has increased its growth pace in healthcare real estate with 300 million EUR of new investments in one year, which represents three times the average amount invested in recent years.

In addition to the acquisition of a German healthcare portfolio of 17 nursing and care homes valued at more than 170 million EUR in June 2018, Cofinimmo made several other deals in Germany: the acquisition of five nursing and care homes and the signing of an agreement to acquire a psychiatric clinic under construction.

In the Netherlands, the company acquired two medical office buildings, a site for the construction of an orthopaedic clinic, a rehabilitation centre, a nursing and care home, and it invested in the construction of a care centre for people suffering from mental disorders. On top of these investments it also signed an agreement, subject to conditions, regarding the acquisition of a site located in Hillegersberg, a district of Rotterdam, which comprises a geriatric rehabilitation centre built in 1966 and a nursing and care home built in 1999. Cofinimmo will finance the large-scale renovation works on the rehabilitation centre as well as the demolition and redevelopment works on the nursing and care home. The delivery of the works is planned for the end of 2020. They will take place in several phases and care will continue to be provided during the works. The new buildings will have an above-ground surface area of almost 11,000 m². This complex will also be supplemented with some shared spaces enabling residents to meet, as well as a brasserie. This large-scale renovation will prioritise the reuse of materials. Architect Thomas Rau has been chosen to carry out this project. Thomas Rau is recognised as being at the forefront of the construction of buildings that are CO_2 neutral, and even positive (producing more energy than they consume), as well as for integrating the principles of circular architecture.

In France, Cofinimmo acquired an after-care and rehabilitation clinic (‘hôpital de Soins de Suite et de Réadaptation’ - SSR), currently under construction, which will be operated by the French Red Cross.

Thanks to these operations, healthcare real estate (1.9 billion EUR, i.e. an 18 % increase compared to 31.12.2017) represents more than 50 % of the Group’s portfolio, which now stands at 3.7 billion EUR.

Our ‘Working’-portfolio, which consists of our office buildings, is the segment in which the company has built its real estate expertise and management of all aspects of the building life cycle. This know-how has expanded from offices to healthcare real estate, property of distribution networks and public-private partnerships (‘PPPs’), which benefit from the synergies thus created. But today’s offices cannot just be workplaces, they must also be places to live, convivial and flexible, adapted to the needs of a fast pacing world in constant evolution. Cofinimmo strives to combine the ‘Working’ requirements and the ‘Living’ aspirations of its tenants.

"Our strategy for the office sector ('Working') is to create value by refocusing our portfolio from the decentralised area of Brussels towards the Central Business District ('CBD')."

Jean-Pierre Hanin
Chief Executive Officer

In this framework the reconstruction works on the Belliard 40 office building, located in the heart of the European district in Brussels, were delivered. The building, designed by architect Pierre Lallemand and the firm Art & Build, offers approximately 19,000 m² of offices, 200 m² of retail space and nearly 20 apartments. Its bold design is structured around a volume that rests on two others and a transparent, five-storey atrium offering a view of an interior garden located at the back of the building, visible from Rue Belliardstraat. Slightly set back from Rue Belliardstraat, the site offers a spacious public space along the pavement, which significantly reshapes the appearance of this much-travelled Brussels urban artery. The building satisfies the best standards in terms of technical performance and is 100 % passive in terms of energy consumption (BREEAM Excellent certification). Considering the excellence of its design and its attractive location, a significant part of the surfaces of this exemplary building was already leased for 15 years to an internationally renowned specialist in the provision of flexible office space and co-working.

At the start of the year, the signing of a 99-year leasehold on the Egmont I and II office buildings represented an important transaction for both Cofinimmo and the entire Brussels market, creating a net gain of almost 27 million EUR.

Our current strategy for the 'Working'-sector is to create value by refocusing our portfolio from the decentralised area of Brussels towards the Central Business District ('CBD'). The acquisition of the Arts/Kunst 27 building (in the CBD), the signing of an agreement for the sale of the Souverain/Vorst 24 building (Brussels Decentralised), and the assignment of a long-lease relating to the Serenitas and Moulin à Papier/Papiermolen buildings (Brusssels Decentralised) perfectly illustrate the implementation of our strategy.

'Living' obviously does not only aim at 'new ways of working'... This concept encompasses the convivial areas in the Pubstone portfolio (more than 960 cafes and restaurants in Belgium and the Netherlands), and the spaces made available to the community through public-private partnerships ('PPPs').

Here as well, Cofinimmo strives for excellence, as illustrated by the fact that the consortium Cofinimmo/CFE was selected for the establishment of the PPP NEO II. This flagship project designed by architect Jean Nouvel consists of the construction, by 2023, of a convention centre that will enhance the international profile of Brussels.

On top of the investments described above, Cofinimmo reinforced its shareholders' equity through a 155 million EUR public capital increase, which was successfully completed in July 2018, providing the company with additional investment capacity to pursue its growth ambitions. Furthermore, new credit lines for a total amount of more than 300 million EUR were signed during the financial year.

The Group's momentum in terms of investments and financing during the financial year, coupled with effective management of the existing portfolio, allowed the company to realise a net result from core activities - Group share of 145 million EUR (i.e. 6.55 EUR per share) as at 31.12.2018, compared to 139 million EUR (i.e. 6.53 EUR per share) as at 31.12.2017. It is higher than the forecast and the previous financial year, taking into account the issuance of shares in the context of the capital increase last July. The net result amounts to 146 million EUR (i.e. 6.58 EUR per share) as at 31.12.2018, compared to 137 million EUR (i.e. 6.45 EUR per share) as at 31.12.2017.

These results allow the Board of Directors to propose to the Ordinary General Shareholders' Meeting of 08.05.2019 the allocation of a gross dividend of 5.50 EUR per ordinary share for the 2018 financial year, payable in May 2019. Note that this dividend will be distributed over two coupons (coupon no. 33, which went ex-date and is estimated at 2.74 EUR; and coupon no. 34, which has not yet gone ex-date and is estimated at 2.76 EUR).

Cofinimmo owes its excellent performance to the enthusiasm, competence and commitment of all its employees, who spare no effort in ensuring the Group's development. The Board of Directors therefore wishes to express its warmest congratulations to the Cofinimmo teams.

In addition, the Board of Directors also warmly thanks Mr. Jean-Edouard Carbonnelle, whose term as CEO and Director ended last May after a successful career of 19 years, serving Cofinimmo and its shareholders.

Finally, the Board of Directors also wishes to express its confidence and encouragement to the new management team set up in 2018, which has already shown its dynamism and demonstrated its effectiveness. The Executive Committee, supported by the Board of Directors, intends to put Cofinimmo on the path of profitable growth: the forecast of the net result from core activities – Group share for the 2019 financial year amounts to 6.74 EUR per share and the forecast of the gross dividend payable in 2020 amounts to 5.60 EUR per ordinary share, taking into account a gross investment programme currently estimated at 175 million EUR for 2019.

"The Group's momentum in terms of investments and financing during the financial year, coupled with effective management of the existing portfolio, allowed the company to realise a net result from core activities of 145 million EUR."

Jacques van Rijckevorsel
Chairman of the Board of Directors

Caring, Living and Working – Together in Real Estate

CARING

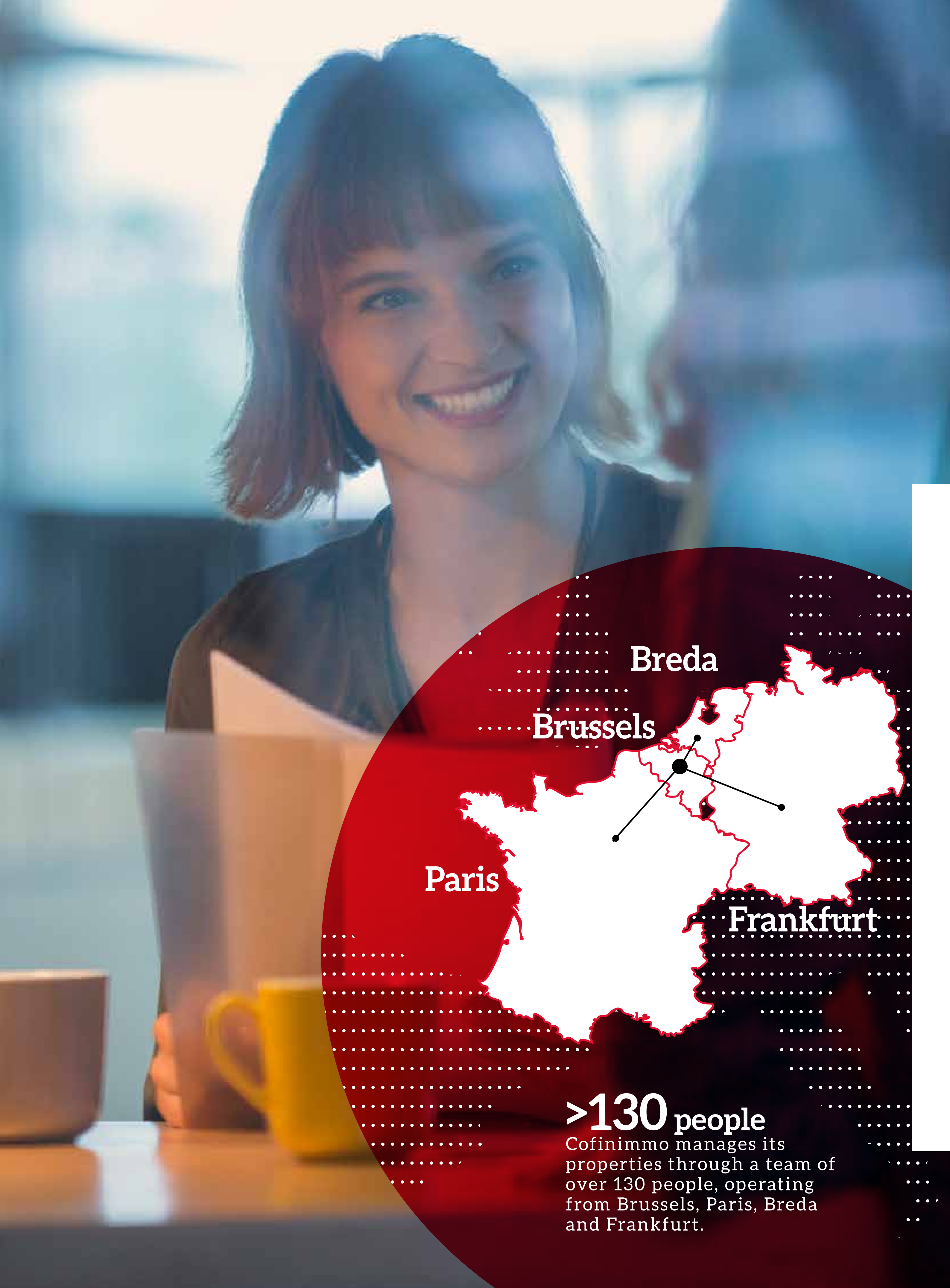
Be a leading European healthcare REIT with top quality portfolio, also participating to innovative real estate concepts addressing healthcare challenges

LIVING

Opportunistic add-on approach with secured long-term income

WORKING

Creating value through capital recycling and rebalancing portfolio towards Brussels Central Business District (CBD)



>130 people

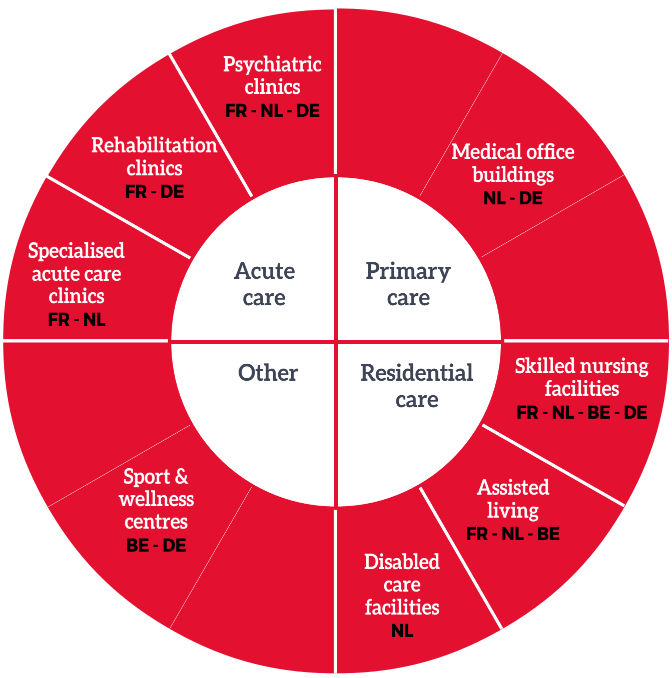
Cofinimmo manages its properties through a team of over 130 people, operating from Brussels, Paris, Breda and Frankfurt.

Caring

"Cofinimmo aims to accelerate its investments in healthcare real estate to consolidate its leadership in Europe."

"Cofinimmo sees healthcare real estate not only as a promising asset class, but also as a way of solving two societal challenges: limiting the increase in healthcare costs and meeting the growing demand of an aging population."

"The goal of the Fundis project in Rotterdam is not only to meet the residents' needs, but to create a central place to live for the entire neighbourhood."



1.9 billion EUR
Fair value of the portfolio

50%
Of the overall portfolio

900,000 m²
Above-ground surface area

15,000
Number of beds

99.9%
Occupancy rate

6.0%
Gross yield

15.6 years
Average residual lease length

169
Number of assets

181 kWh/m²
Energy intensity of the sector

2005
First investment in healthcare real estate

560 million EUR
Fair value of the portfolio

15 %
Of the overall portfolio

400,000 m²
Above-ground surface area

98.5 %
Occupancy rate

6.3 %
Gross yield

10.1 years
Average residual lease length

1,233
Number of assets, of which:
962
Pubs and restaurants and
271
Insurance agencies

7
Assets under management in the PPP-portfolio

103 kWh/m²
Energy intensity of the sector

2005
Awarding of the first PPP: the courthouse of Antwerp

2007
Partnership with the AB InBev Group regarding a portfolio of pubs and restaurants

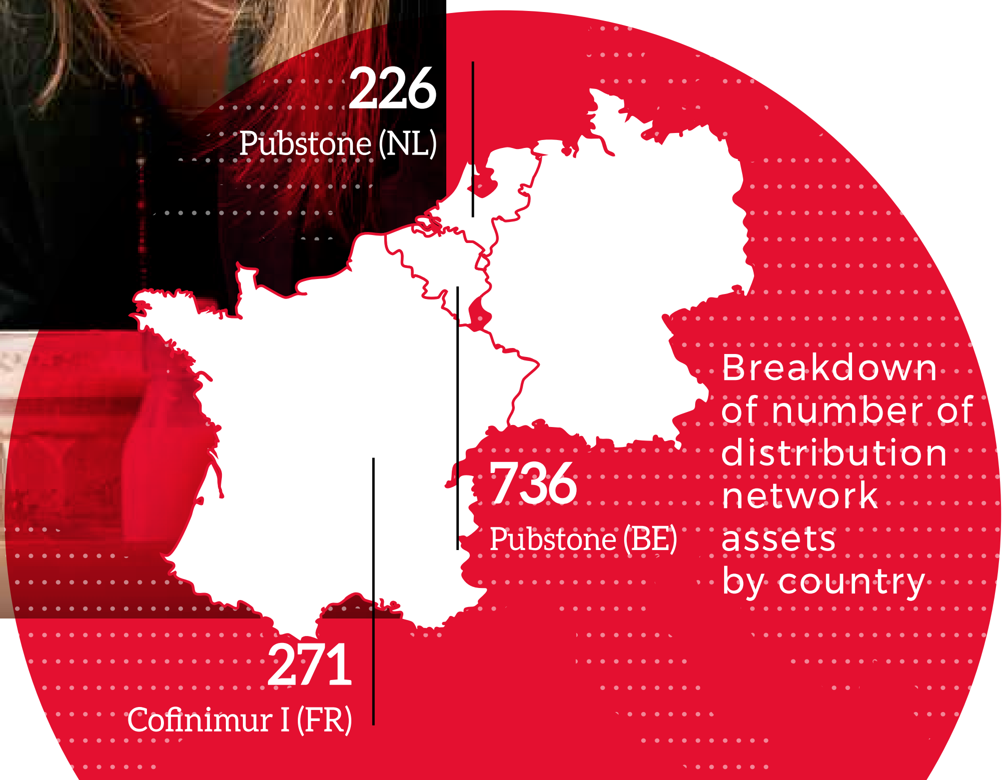
2011
Partnership with MAAF regarding a portfolio of insurance agencies

2018
The project, presented by the Cofinimmo/CFE consortium, in cooperation with Atelier Jean Nouvel is selected for the NEO II site. Construction of a convention centre that will enhance the international profile of Brussels.

Living

"The Cofinimmo teams have built up a unique expertise in complex and innovative structures, such as the Antwerp courthouse or, more recently, the NEO II convention centre."

"Because these markets are only accessible to a limited number of sufficiently qualified investors, Cofinimmo intends to play a major role as soon as opportunities arise, as has previously been the case for the transactions with AB InBev (2007) and MAAF (2011), and for the seven PPPs already concluded."

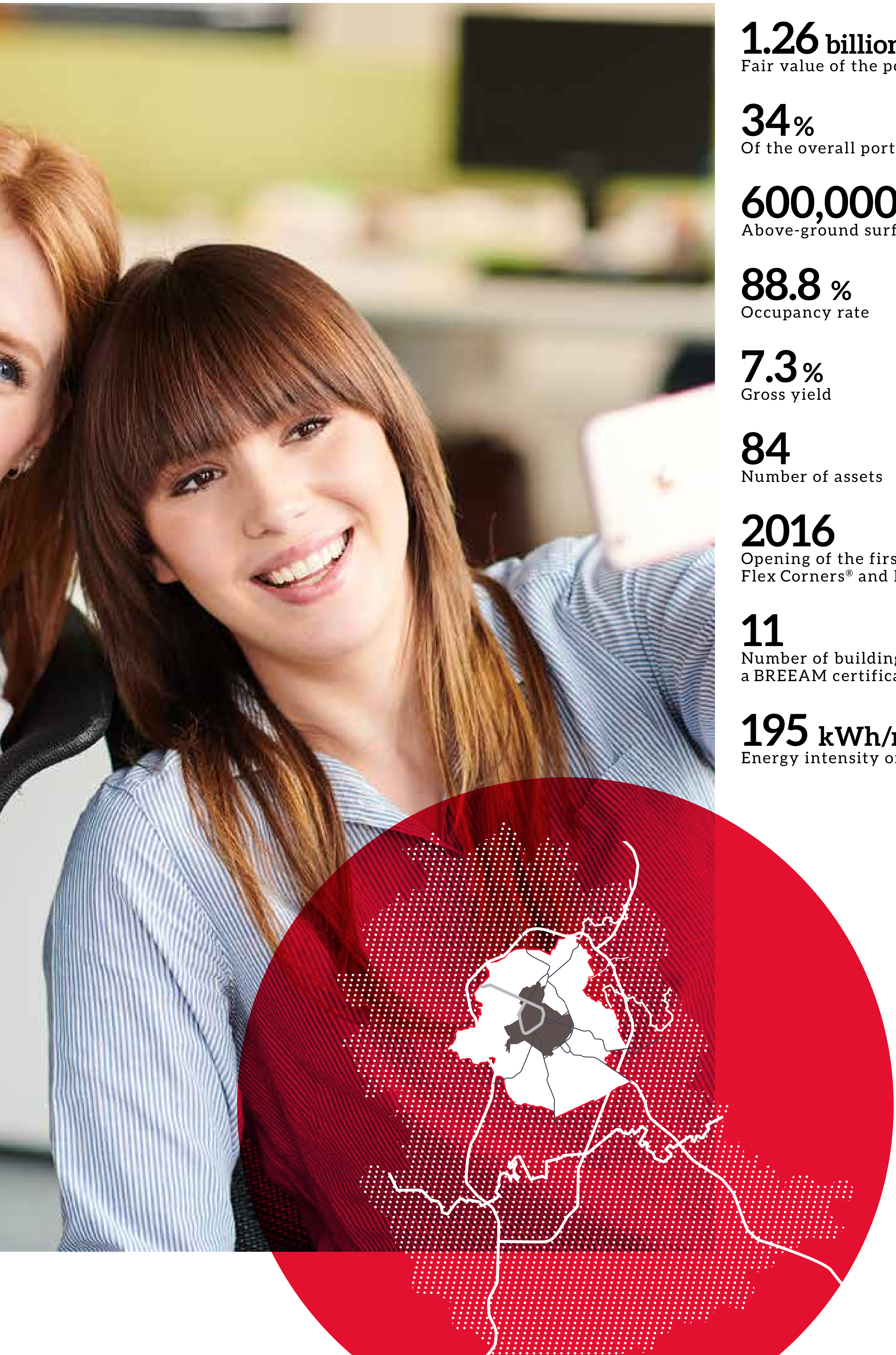


Working

"Cofinimmo's strategy consists of improving the overall balance of the office portfolio by reducing the part invested in the decentralised area to the benefit of assets located in the Central Business District of Brussels."

"Cofinimmo's staff is well-versed in the A to Z management of major projects encompassing the design, construction, renovation, reconversion and development of sites, with the goal of either renting or selling. It is an expert in every aspect of the building life cycles."

"Rebalancing the portfolio towards the centre of Brussels"



1.26 billion EUR
Fair value of the portfolio

34%
Of the overall portfolio

600,000 m²
Above-ground surface area

88.8 %
Occupancy rate

7.3%
Gross yield

84
Number of assets

2016
Opening of the first
Flex Corners® and Lounges®

11
Number of buildings with
a BREEAM certificate

195 kWh/m²
Energy intensity of the sector

Management report

Key figures

As at 31.12.2018

Operational

3.7 billion EUR
Portfolio fair value

+6.3 %
In 2018

212 million EUR
Property result

+0.9 %
In 2018

1,900,000 m²
Total (above-ground) surface area

1,489
Assets

6.5 %
Gross rental yield at 100 % occupancy

95.8 %
Occupancy rate

10.9 years
Weighted average residual lease length

Financial

2.5 billion EUR
Market capitalisation

Member of the BEL20

107.27 EUR
Average ordinary share price

7.5 %
Total return of the ordinary share in 2018

6.55 EUR/share
EPRA Result

94.76 EUR/share
EPRA Net Asset Value

43 %
Debt ratio

1.9 %
Average cost of debt

BBB/long term & A-2/short term
Standard & Poor's rating

Non-financial

>130 employees

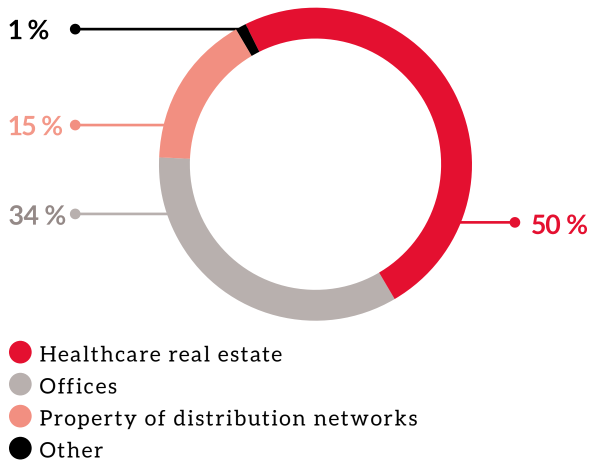
36 % men

64 % women

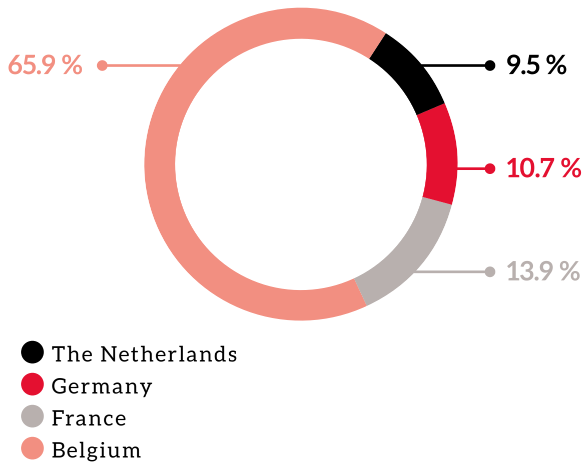
179 kWh/m²
Average portfolio energy consumption

69 %
'GRESB Green Star'

Portfolio breakdown by sector
(as at 31.12.2018 - at fair value)



Portfolio breakdown by country
(in %)



Cockx 8-10 office building - Brussels Decentralised (BE)

Consolidated key figures

(x 1,000,000 EUR)	31.12.2018	31.12.2017	31.12.2016
Portfolio of investment properties (in fair value)	3,728	3,508	3,366
(x 1,000 EUR)	31.12.2018	31.12.2017	31.12.2016
Property result	211,729	209,943	210,659
Operating result before result on the portfolio	173,923	172,047	172,079
Net result from core activities - Group share	145,004	139,090	134,260
Result on financial instruments - Group share	-3 353	1,063	-38,850
Result on the portfolio - Group share	3,962	-2 791	1,983
Net result - Group share	145,613	137,362	97,393
	31.12.2018	31.12.2017	31.12.2016
Operating costs/average value of the portfolio under management[1]	1,01 %	1,00 %	1,08 %
Operating margin	82,1 %	81,9 %	81,7 %
Weighted residual lease length[2] (in years)	11	10	10
Occupancy rate[3]	95,8 %	94,6 %	94,5 %
Gross rental yield at 100 % occupancy[4]	6,5 %	6,7 %	6,9 %
Net rental yield at 100 % occupancy[5]	5,9 %	6,1 %	6,4 %
Debt ratio[6]	43,0 %	43,8 %	43,7 %
Average cost of debt[7]	1,9 %	1,9 %	2,4 %
Average debt maturity (in years)	4	5	5

1 Average value of the portfolio to which are added the receivables transferred for the buildings whose maintenance costs payable by the owner are still met by the Group through total cover insurance premiums.

2 Until the first break option for the lessee.

3 Calculated based on real rents (excluding assets held for sale) and, for vacant space, the rental value estimated by the independent real estate experts.

4 Passing rents increased by the estimated value of vacant space, divided by the value of the portfolio including notarial & registration charges, and excluding development projects and assets held for sale.

5 Passing rents increased by the estimated value of vacant space, less direct costs, divided by the value of the portfolio including notarial & registration charges, and excluding development projects and assets held for sale.

6 Legal ratio calculated in accordance with the legislation on RRECs such as financial and other debt divided by total assets.

7 Including bank margins.

Transactions and achievements in 2018

January

- Extension of the **commercial paper programme** from 500 million EUR to 650 million EUR

February

- **Brussels CBD**: buyback of approximately 232 million EUR in future rents from lease with the Buildings Agency (Egmont I and II buildings), sold to BNP Paribas Fortis in 2009

March

- **Brussels CBD**: delivery of the redevelopment works on the Belliard 40 office building

April

- **Brussels CBD**: signature of a 99-year leasehold deed on the Egmont I and II office buildings, subject to a first fee payment to Cofinimmo of approximately 370 million EUR. Realised capital gain of approximately 27 million EUR
- **Germany**: acquisition of a nursing and care home in Langelsheim for approximately 8 million EUR
- **Germany**: acquisition of a nursing and care home in Niebüll for approximately 8 million EUR

May

- Commencement of the new **Chief Executive Officer**: Mr. Jean-Pierre Hanin

June

- Commencement of the new **Chief Financial Officer**: Mr. Jean Kotarakos
- **Germany**: acquisition of a portfolio of 17 nursing and caring homes for more than 170 million EUR

July

- **Capital increase** with the issuance of 1,642,374 new ordinary shares for 155 million EUR
- **Germany**: acquisition of a nursing and care home in Riesa for approximately 15 million EUR
- **Germany**: acquisition of a nursing and care home in Bad Sassendorf for approximately 15 million EUR
- **The Netherlands**: acquisition of a medical office building in Oisterwijk for approximately 3 million EUR
- **The Netherlands**: signing of an agreement for the acquisition of a site with the intention to renovate a rehabilitation centre and demolish and redevelop a nursing and care home in Rotterdam for approximately 23 million EUR
- Appointment of a **Chief Operating Officer Offices**, Mrs. Yeliz Bicici, and of a **Chief Operating Officer Healthcare**, Mr. Sébastien Berden

Belliard 40 office building - Brussels CBD (BE)

● NEO II convention centre – Brussels (BE)

● Aftercare and rehabilitation clinic (SSR) – Chalon-sur-Saône (FR)

August

- France: acquisition of an aftercare and rehabilitation clinic (SSR – see Glossary) under construction in Chalon-sur-Saône for approximately 20 million EUR

September

- **Brussels**: assignment of the public procurement NEO II to the consortium composed of CFE and Cofinimmo
- **Germany**: acquisition of a nursing and care home in Montabaur for approximately 19 million EUR
- **The Netherlands**: acquisition of a medical office building in Oud-Beijerland for approximately 4 million EUR

October

- **The Netherlands**: acquisition of a plot of land for the construction of an orthopaedic clinic in Rijswijk for a total amount of approximately 10 million EUR
- **Germany**: signature of an agreement, subject to conditions, for the acquisition of a psychiatric clinic under construction in Kaarst for approximately 22 million EUR

November

- **Germany**: opening of an office in Frankfurt

December

- **Brussels Decentralised**: signing of agreements for the assignment of a 99-year long-lease relating to the Serenitas and Moulin à Papier/Papiermolen office buildings for a total amount of approximately 27 million EUR
- **Brussels Decentralised**: private agreement for the sale of the Souverain/Vorst 24 office building for a total amount of around 6 million EUR
- **Brussels CBD**: acquisition of the Art/Kunst 27 office building for approximately 20 million EUR

Mission

With attention to social developments, Cofinimmo has the mission of making high-quality care, living and working environments available to its partners-tenants, from which users benefit directly.

"Caring, Living and Working – Together in Real Estate"

"Caring, Living and Working - Together in Real Estate" is the expression of this mission.

More specifically, Cofinimmo's mission is to:

- offer its **shareholders** a long-term, low-risk and socially responsible investment that generates recurring, predictable and growing dividends;
- offer its **direct tenants** premium care, living and working spaces that meet current standards and are ready to meet their ever-evolving needs and desires. Its tenants' residents, their clients and their staff benefit indirectly from Cofinimmo's services;
- offer its **employees** opportunities for collective and personal development in an atmosphere respectful of all and in a fulfilling work and life environment.

Beyond the stakeholders mentioned above, the **community** itself greatly benefits from Cofinimmo's services on a multitude of levels, whether in healthcare, the working world or simply in places where people exchange and share. Furthermore, Cofinimmo participates in the enhancement and renovation of public and parapublic property thanks to large-scale projects undertaken in the framework of public-private partnerships.

Strategy

> **"Cofinimmo aims to accelerate its investments in healthcare real estate to consolidate its leadership in Europe."**

Real estate strategy

Healthcare real estate

Cofinimmo's strategy involves consolidating its leadership in European healthcare real estate.

The growth of the Group will go hand-in-hand with diversification, already started, in the healthcare sector itself: once restricted to nursing and care homes, it now offers other types of assets accessible to an investor endowed with expertise and substantial experience in healthcare real estate such as Cofinimmo. As an example, Cofinimmo entered the healthcare real estate sector in 2005 through the acquisition of nursing and care homes and then extended its scope with acquisitions of medical office buildings, specialised clinics, rehabilitation clinics, psychiatric establishments, etc.

Furthermore, diversification will also take place on a geographical level through the extension of the group's activities beyond the countries currently covered, namely Belgium, France, the Netherlands and Germany.

Given the above, it is clear that the share of healthcare real estate in Cofinimmo's global portfolio, which has already reached 50 %, is destined to grow significantly.

As part of its healthcare real estate strategy, Cofinimmo participates in several innovative projects aimed at making residents' homes more attractive but also to encourage interaction with local residents and visits from relatives. For example, Cofinimmo will finance the large-scale renovation works on a rehabilitation centre as well as the demolition and redevelopment works on a nursing and care home located in Rotterdam (NL).

The goal is not only to meet the needs of these residents, but to make it a true central living space for the entire neighbourhood. Therefore, part of the building is intended for local general practitioners whom are consulted by families. The local residents can also enjoy a nice brasserie, and the children of the neighbourhood can play in a beautiful garden. Finally, the clinic will also offer an innovative concept of 'care home' for the elderly who are not fully healed after their revalidation and who still require temporary assistance.

Vivalys nursing and care home – Brussels (BE)

“With 50 % of assets in healthcare real estate and 15 % in property of distribution networks, two-thirds of the global portfolio generates elevated, predictable and indexed cash flows through generally very long-term contracts.”

Property of distribution networks and PPPs

Property of distribution networks, as well as public-private partnerships (PPPs), share with healthcare real estate the characteristic of generating high, predictable and indexed cash flows through generally very long-term contracts. As such, they fit perfectly within the Group’s strategy.

Property of distribution networks and PPPs, however, are two niche markets that only occasionally present opportunities. As such, they cannot be counted on as a growth engine in the forthcoming years.

Nevertheless, with these markets being only accessible to a limited number of sufficiently qualified investors, Cofinimmo intends to study opportunities as soon as they arise.

Offices

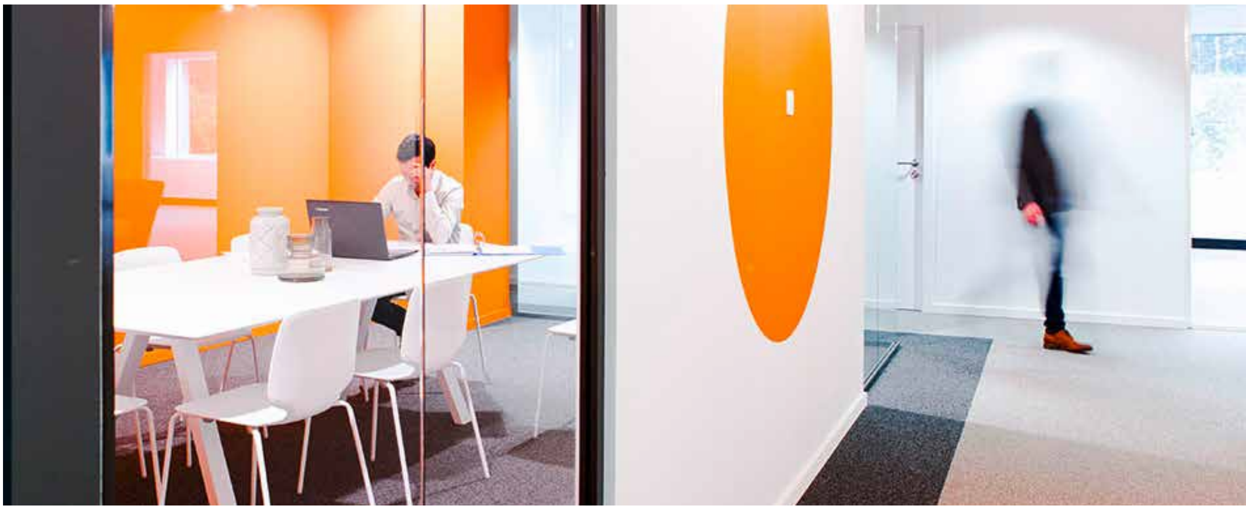
Since its establishment in 1983, Cofinimmo has been a major player in the Brussels office market, which is composed of different sub-segments.

It is in this market that the company has built its expertise in real estate over the past 35 years. Specifically, Cofinimmo’s staff is well-versed in the A to Z management of major projects encompassing the design, construction, renovation, reconversion and development of sites, with the goal of either renting or selling. It is an expert in every aspect of the building life cycle. This know-how has expanded from offices to healthcare real estate, property of distribution networks and PPPs, which benefit from the synergies thus created.

After having divested large office spaces which are considered as term risks, Cofinimmo is emphasising the rebalancing of its offices portfolio by reducing its presence in the Brussels decentralised zone to the benefit of high-quality buildings located in the Central Business District (‘CBD’). The vacancy rate in this sector, which is weaker than the average in the Brussels market, makes it possible to obtain higher net returns.

“Cofinimmo’s strategy in the offices sector consists of improving the overall balance of the offices portfolio by reducing the part invested in the decentralised area to the benefit of buildings located in the Central Business District of Brussels.”

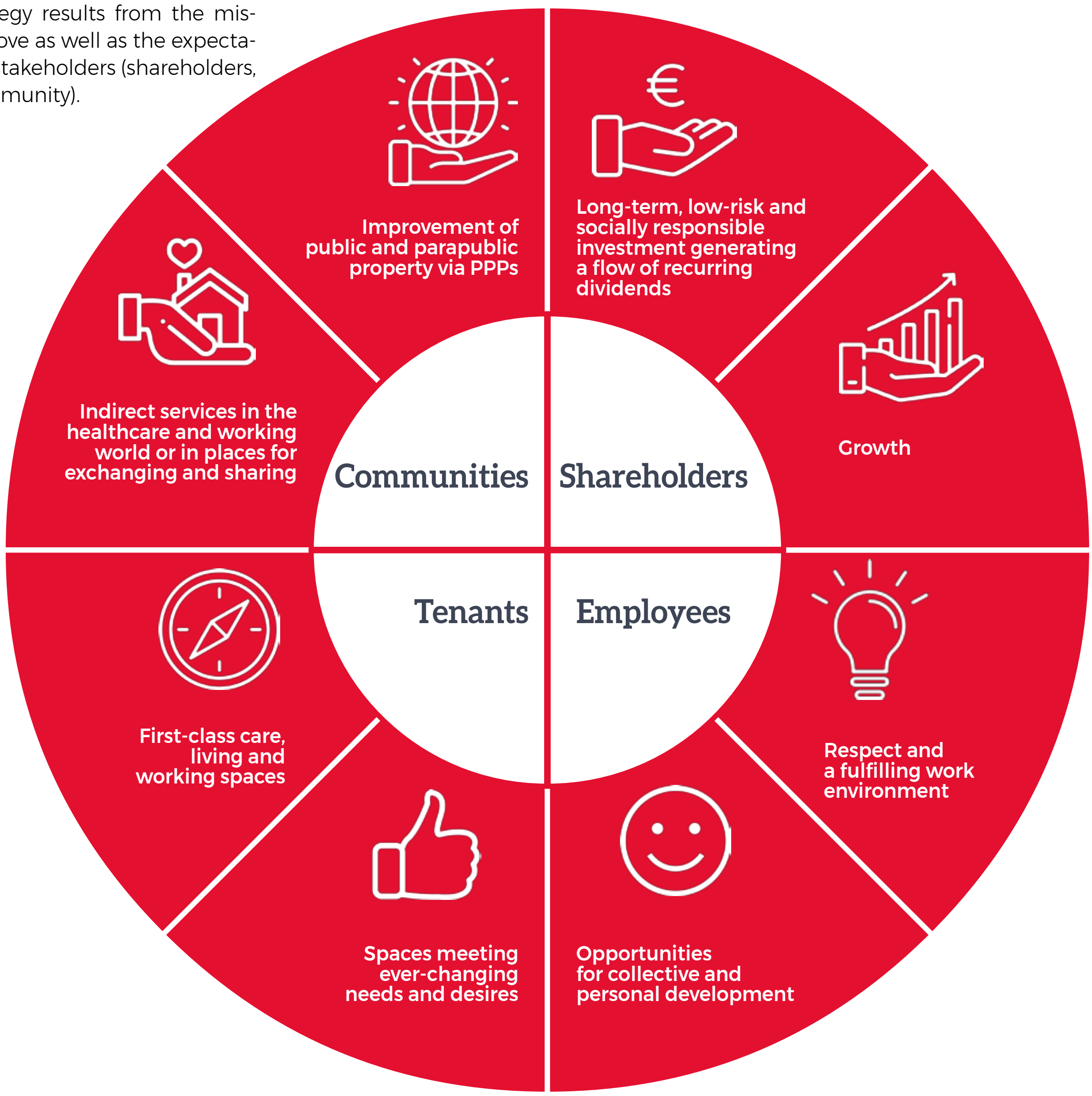
Pub “Café Luxembourg” – Brussels (BE)



Flex Corner® - Souverain/Vorst 36 office building - Brussels Decentralised (BE)

Benefits of the strategy for stakeholders

Cofinimmo's strategy results from the mission described above as well as the expectations of the main stakeholders (shareholders, tenants, staff, community).



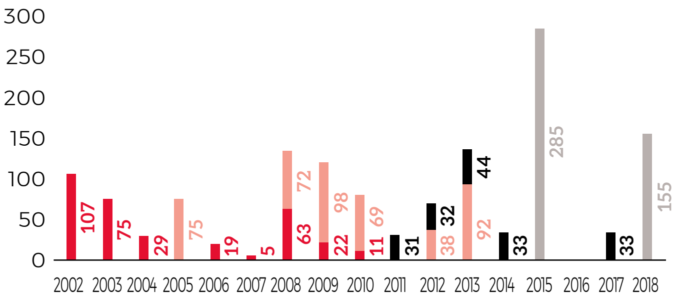
155 million EUR
Capital increase in 2018

300 million EUR
Entered into new credit lines

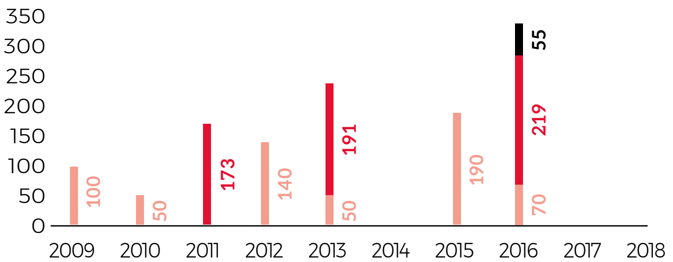
43 %
Debt ratio as at 31.12.2018

1.9 %
Average cost of debt in 2018

Capital markets: equity
(x 1,000,000 EUR)



Capital markets: debt
(x 1,000,000 EUR)



Financial strategy

In order to implement the real estate strategy set out above, Cofinimmo has developed a financing strategy based on the following principles.

Diversification of financing resources

The Group diversifies both the type of assets and countries in which it invests, but also its sources of financing. For this, Cofinimmo uses bank loans, straight (non-convertible) bonds, convertible bonds, 'Green and Social Bonds' and both short- and long-term commercial paper as sources of financing. In addition, the company works closely with about a ten financial institutions.

Regular access to capital markets

Capital increases, optional dividends in shares, sales of treasury shares, contributions in kind, the issue of preference share, as well as the issue of straight (non-convertible) bonds, convertible bonds and 'Green and Social Bonds' are all methods Cofinimmo used to raise capital in the past. The two graphs on this page show the financing sources used by Cofinimmo over the past years.

Debt ratio close to 45 %

Even though the legal status of RREC allows a debt ratio (defined as financial and other debts divided by total consolidated balance sheet assets) of maximum 65 % and the banking agreements allow a ratio of 60 %, the Group's policy to maintain a debt ratio of about 45 %.

This level has been determined through European-level market standards for listed real estate companies and takes into account the long average residual length of leases.

Optimisation of the duration and cost of financing

Cofinimmo actively manages its financing resources by refinancing maturing debt in advance. In this respect, the Group is careful to optimise the cost of its debt while ensuring diversification of its financing resources and monitoring the average maturity of its debt.

With a part of the debt incurred at a floating rate, Cofinimmo is exposed to a risk of increasing interest rates, which could lead to a deterioration in its financial result. As a result, Cofinimmo partially hedges its floating rate debt through the use of hedging instruments (IRS and caps). The goal is to secure the interest rates for a proportion of 50 % to 100 % of the estimated financial debt (over a minimum horizon of three years).

Sustainable development strategy

In its sustainable development strategy, Cofinimmo expresses the will to:

- participate in the improvement of communities' infrastructure in order to rethink the living environment of citizens, and more specifically that of its tenants, by favouring socially sustainable, mixed urban areas;
- improve the energy performance and comfort standards of its buildings while offering a long-term environmental solution for their life cycle;
- apply sustainability principles as much as possible within the limits of economic profitability.

The means used by Cofinimmo to attain these objectives are innovation, investment and dialogue with its stakeholders.

For more information on the Sustainable Development policy, please consult the 2018 Sustainable Development Report available on the website www.cofinimmo.com.

Healthcare real estate

With a portfolio located in four countries and consisting of 169 assets including nursing and care homes, medical office buildings, acute care and rehabilitation clinics and sport and wellness centres, is Cofinimmo currently one of the major investors in healthcare real estate in Europe, a leadership position the Group intends to strengthen over the coming years.

50 %
Of the overall portfolio

1.9 billion EUR
Fair value of the portfolio

99.9 %
Occupancy rate

169
Number of assets

15,000
Number of beds

900,000 m²
Above-ground surface area

Vivalys nursing and care home – Brussels (BE)

Market characteristics[1]

The healthcare real estate market is characterised by strong growth potential, a favourable legal environment and long-term leases with operators.

Strong growth potential

Demographic trends and changes in lifestyles: an ageing population and a growing need for specialised care facilities
Population ageing is a growing evolution in most European countries. The proportion of people aged 80 and over in Europe is set to reach 10 % of the total population by 2050. Although the number of independent seniors within this category is increasing, population ageing will nevertheless be accompanied by a considerable increase in the number of dependent elderly. This situation will lead to a greater need for specialised healthcare facilities and, consequently, beds. It is estimated that, in Belgium, between 2025 and 2030, the need for beds will rise by 45,000. The same trend is apparent in Germany and in France with growth estimated at 250,000 and 30,000 additional beds respectively. In addition, obsolete buildings to be rebuilt will provide over 100,000 and 110,000 beds respectively.

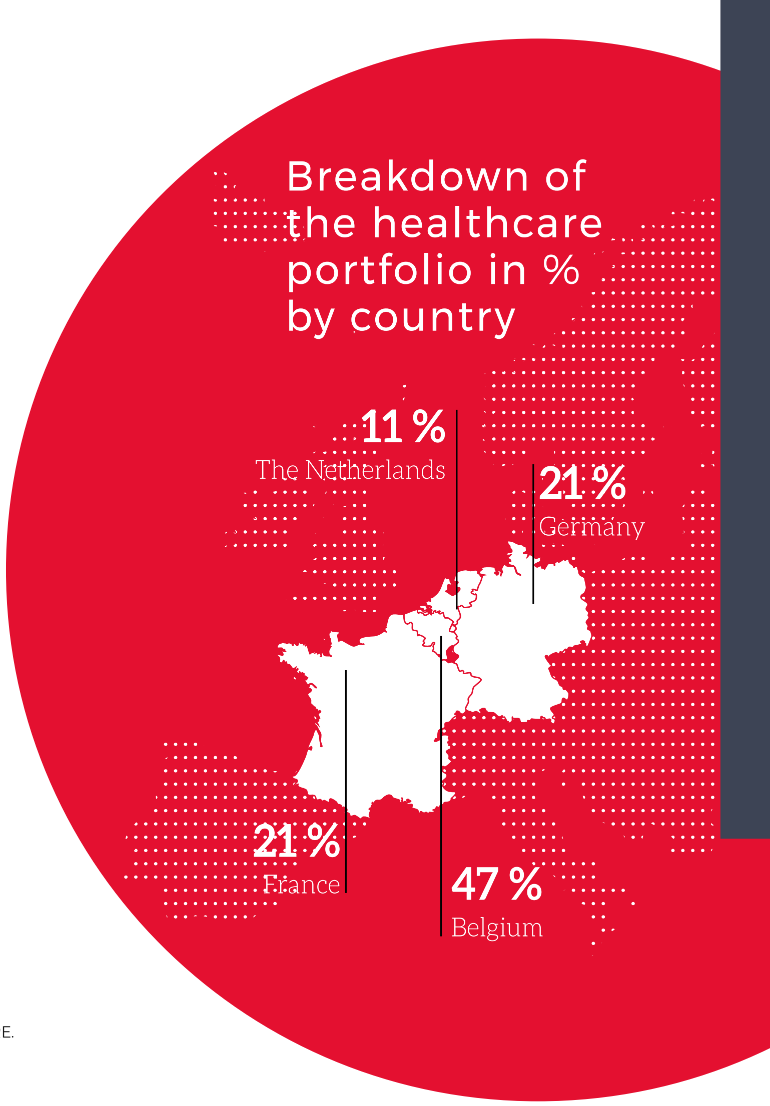
Budgetary constraints: a search for less costly solutions for society
Healthcare spending also accounts for an increasing share of GDP: in Belgium, France, Germany and the Netherlands the share is between 10 % and 12 %, depending on the country. In a context of budget restrictions, the organisation of care is subject to greater rationalisation and private players are increasingly taking over from the public sector in this segment. New and more modern structures, better adapted to the needs of the patient and less expensive, are created to respond to this trend and generate a growth in the demand for healthcare real estate financing.

Professional healthcare operators
There are three types of operators in the healthcare sector: public operators, non-profit sector operators and private operators. The breakdown in market share between these various players varies from one country to the other. Belgium has the most balanced situation in the nursing and care homes segment with each type of operator representing a third of the market. Vice versa, the non-profit sector has almost a monopoly in the Netherlands. Germany and France have intermediary situations.

In the private sector, in Belgium and France and, more recently in Germany, there is a move towards consolidation between operators to create groups on a European level. The most striking example is the 2014 merger of French operators Korian and Medica, followed by acquisitions in other countries, which resulted in a group owning over 76,000 beds spread over 780 sites in four countries. Consolidation provides operators with a better distribution of risks, easier access to financing, more regular contact with the public authorities and certain economies of scale. These groupings are regularly financed by the sale of real estate thus creating an appetite for healthcare real estate.

A favourable legal environment

Healthcare financing is highly regulated given that the public sector is involved. This is particularly the case for the nursing and care home market. In Belgium and France, for example, opening or expanding a nursing and care home requires prior authorisation to operate a given number of beds. This authorisation is issued by the public authorities. As they finance up to 50 % of housing and care costs, the number of authorisations granted per geographical area is limited given the needs of each area.



1 Sources : Cushman & Wakefield, Degroof Petercam, Eurostat, Real Capital Analytics, CBRE.

Healthcare real estate strategy

Cofinimmo's strategy is to consolidate its leadership in the European healthcare real estate sector by diversifying its offer for tenants, both from a geographical point of view and the type of leased property.

The company's primary strategic goal is to expand its healthcare real estate portfolio at a pace compatible with the opportunity to generate a sufficient yield level and with its ability to invest in functional buildings of excellent technical quality. They generate an elevated, predictable and indexed cash flow within the framework of generally very long-term contracts.

This growth will go hand in hand with diversification within the healthcare real estate sector; originally restricted to nursing and care homes, this diversification offers other types of property accessible to an investor endowed with expertise and extensive experience in healthcare real estate such as Cofinimmo. As an example, Cofinimmo entered the healthcare real estate sector in 2005 through the acquisition of nursing and care homes and then extended its scope with acquisitions of medical office buildings, specialised clinics, rehabilitation clinics, psychiatric establishments, etc.

Furthermore, the diversification will also take place on a geographical level through the extension of the group's activities beyond the countries currently covered, namely Belgium, France, the Netherlands and Germany.

The four countries in which Cofinimmo has invested in healthcare assets are at different stages of development.

On the operator side, the Belgian and French markets have seen the growth of large operator groups with an international presence over the past years. In the Netherlands and Germany, operators are generally smaller and manage one or a few facilities. However, concentration has accelerated in Germany over the past couple of years.

Sport & wellness centre - Hannover (DE)

On the investment side, healthcare assets have been very popular in Belgium and France, and, more recently, in Germany, resulting in a compression of initial real estate yields. There is less competition in the Netherlands, especially for smaller assets, and many of the operators are non-profits.

In the other markets Cofinimmo has entered, such as Germany and the Netherlands, its strategy is both to acquire assets and develop others for operators. In more mature markets such as Belgium and France, its strategy consists in, on one hand, developing or redeveloping existing assets and, on the other hand, taking advantage of investor appetite for this type of assets for arbitrage. At the same time, the Company is actively seeking to diversify its portfolio.

In addition, all of Cofinimmo's healthcare real estate investments are made in a sustainable and socially responsible way.

Given the above, it's clear that the share of healthcare real estate in the overall portfolio of Cofinimmo, which already reaches 50 %, is destined to grow significantly.

Asset acquisitions

In due diligence reviews, in addition to the usual aspects of technical quality, legality and environmental compliance, each healthcare property studied by the Group is also subject to a rating related to its use as a healthcare asset. This rating is based on various factors:

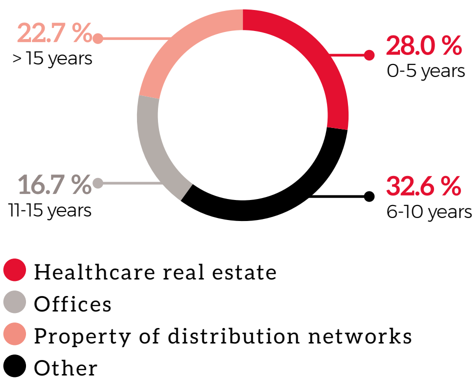
- **healthcare ecosystem**: integration of the asset into its environment and its role in the healthcare delivery chain;
- **intrinsic qualities**: size of rooms and other areas, terrace or garden, light, functionality for residents/patients and care staff, etc.;
- **energy performance**: technical facilities, insulation, etc.;
- **operator-tenant**: experience level, care quality reputation, financial solidity, growth goals, etc.;
- **location**: vehicle access, public transport, local taxes, etc.;
- **local environment**: presence of shops, pleasant view, standard of living of the region's residents, similar care offerings nearby, future demographics, etc.

(Re)development projects

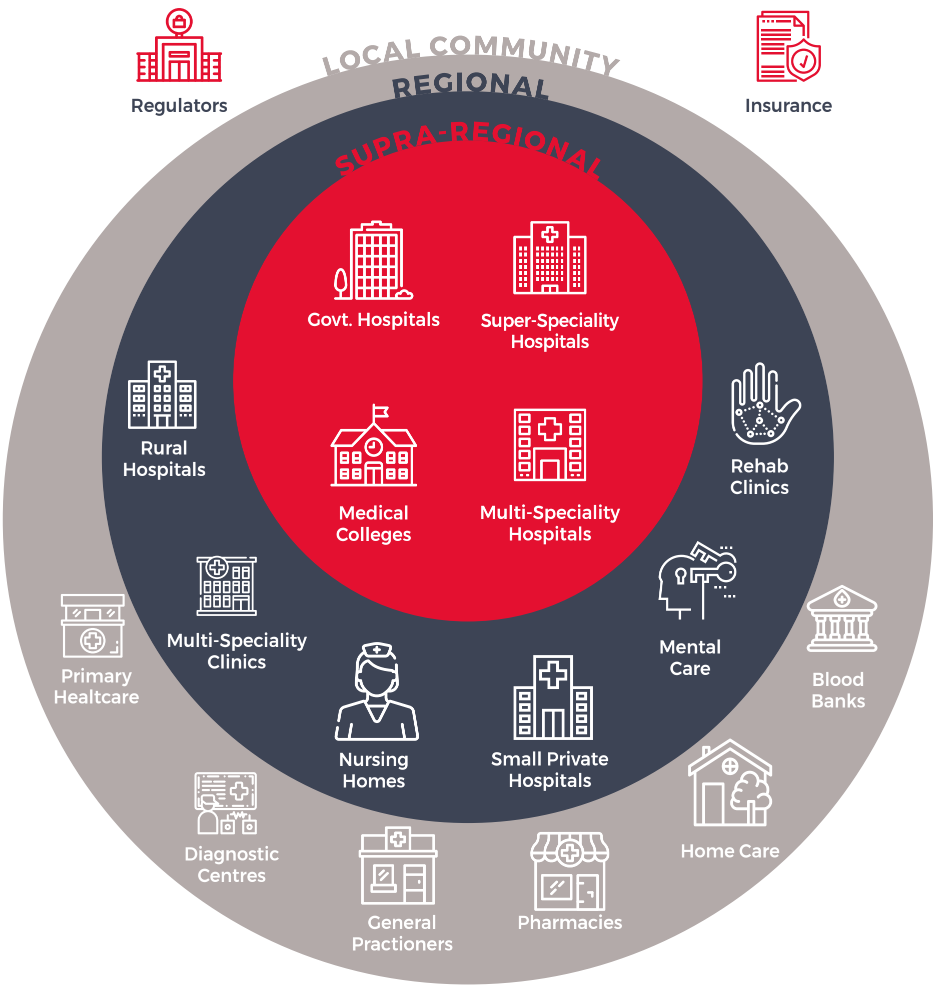
Cofinimmo is able to support the growth of healthcare operators thanks to its real estate expertise and its integrated approach. The services offered to them range from simple financing to larger-scale projects which include design, construction and delivery of new buildings. Cofinimmo has an experienced team which includes financial, technical and legal expertise. All of its staff are up-to-date with the latest developments in healthcare real estate.

In addition to allowing Cofinimmo to realise otherwise inaccessible projects and to retain operator-tenants, this (re)development activity ensures a certain level of asset quality is maintained and creates value as well.

Breakdown of the consolidated portfolio by building age
(as at 31.12.2018 - at fair value)



Healthcare system



Committed investment programme in healthcare real estate as at 31.12.2018

Building	Type of work	Number of beds after works	Surface area after works	End of works
Belgium				
De Nootelaer - Keerbergen	Renovation and extension of a nursing and care home	40	2,000 m²	Q1 2019
Zonneweelde - Rijmenam	Renovation and extension of a nursing and care home	200	15,100 m²	Q1 2021
France				
Domaine de Vontes - Esvres-sur-Indre	Renovation and extension of an aftercare and rehabilitation clinic	170	8,600 m²	Q1 2019
French Red Cross - Chalon-sur-Saône	Acquisition of an aftercare and rehabilitation clinic	130	9,300 m²	Q1 2019
The Netherlands				
Wijnkoperstraat 90-94 - Gorinchem	Construction of a care centre for people suffering from mental disorders	40	2,400 m²	Q1 2019
Fundis - Rotterdam	Demolition/ reconstruction of a nursing and care home and renovation of a revalidation centre	87	11,000 m²	Q2 2021
Rijswijk	Construction of an orthopaedic clinic		4,000 m²	Q4 2019
Germany				
Kaarst	Construction of a psychiatric clinic	70	7,800 m²	Q2 2020

All projects are pre-leased and have been taken into account in the 2019 financial year forecast (see the '2019 Outlook' chapter of this report).

Plataan revalidation clinic - Heerlen (NL)

Asset arbitrage

Since a few years, Cofinimmo initiated a selective asset arbitrage policy for its most mature markets, i.e. Belgium and France. The policy consists in selling non-strategic assets and reinvesting the funds in other assets which better match the current criteria of the Group. This enables the Company to take advantage of the growing appetite of certain investors for this type of asset, while optimising the composition of its portfolio.

The main criteria used to make a sale decision include the size of the asset, its age, its location, its operation and the residual length of the lease.

Diversification

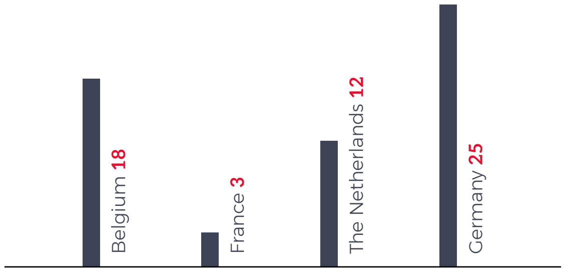
Cofinimmo is actively seeking to diversify its portfolio.

This diversification is taking place at three levels:

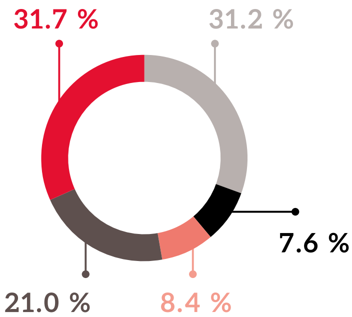
- **by country**: the Group currently holds healthcare assets in Belgium, France, the Netherlands and Germany;
- **by operator-tenant**: Cofinimmo has more than 40 healthcare operators in its client-tenant database;
- **by asset type**: the Group's healthcare real estate portfolio includes nursing and care homes, service flats, revalidation clinics, psychiatric clinics, medical office buildings, care centres for the elderly and the disabled, acute care clinics and sport and wellness centres.

This way the Group avoids becoming overly dependent on any given financing or social security system.

Weighted average residual lease length by country until the first break option
(as at 31.12.2018 - in number of years)



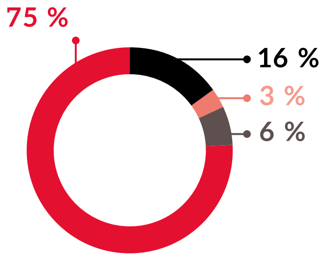
Breakdown of the consolidated portfolio by operator-tenant
(as at 31.12.2018 - in contractual rents)



- Korian
- Armonea
- Orpea
- Stella Vitalis
- Other

Aspria	6.2 %
Azurit	2.1 %
Kaiser Karl Klinik	1.9 %
Inicéa	1.6 %
Bergman Clinics	1.2 %
Vivalto	1.1 %
Le Noble Âge	1.0 %
Sevagram	1.0 %
Other operator-tenant	14.9 %

Breakdown of the consolidated portfolio by type of asset (as at 31.12.2018 - at fair value)



- Residential care
- Acute care
- Primary care
- Other (Sport & wellness centres)

Sustainable development

When an asset is being acquired, Cofinimmo has significant influence and this is reflected in the due diligence procedures in particular. Specifically, Cofinimmo systematically takes into account factors such as soil pollution, the presence of asbestos, the location and the risk of flooding. In the countries in which it operates and for this segment, there is currently no legislation on energy performance targets. Nevertheless, Cofinimmo systematically considers the life cycle of a building and implements a long-term strategy by examining its projects 30 years into the future, which is a sign of real partnership with operators.

The management of (re)development projects in healthcare real estate and the decisions and actions taken by Cofinimmo have a significant impact on the sustainability of assets. Firstly, because Cofinimmo, by developing made-to-measure, innovative and comfortable buildings, endeavours to best respond to the changing accommodation and care needs of vulnerable or dependent persons. Secondly, because Cofinimmo ensures the proper integration of buildings in the urban fabric, by paying specific attention to aesthetics and to the diversity of districts. Finally, because Cofinimmo favours the use of modern techniques and sustainable materials to reduce the carbon footprint of the buildings constructed.

On the other hand, Cofinimmo has moderate influence in projects developed by operators. In that case, Cofinimmo acts more as an adviser in the area of sustainable construction, seeking innovative solutions that make it possible to gradually improve the property portfolio at a pace and in line with budgets that are acceptable to operators.

Cofinimmo has relatively little influence in terms of sustainable development in the day-to-day management of healthcare assets. Here, the majority of them are managed largely autonomously by tenants/operators, which decide in particular on the type of upkeep and maintenance works to be carried out. Nevertheless, Cofinimmo endeavours to include the data relating to the energy and water consumption of buildings in the energy accounting system in order to raise awareness among operators. Medical office buildings, in turn, are under Cofinimmo's operational control, which allows more in-depth consumption analysis and monitoring.

In this way, Cofinimmo intends to fully take up its corporate and environmental responsibilities.

Follow-up of the financial performance of acquired sites

Cofinimmo periodically receives a financial data report from its operators of each site they own. This enables Cofinimmo to assess the financial sustainability of each operation and, specifically, the cover rate of the rent by the cash flow generated by the site. A comparison of the prices paid by residents/patients for housing and care range each operation compared to neighbouring sites and provides an appreciation of the risk associated with acquiring new units. In addition, Cofinimmo has developed a system to monitor the risks related to the solvency of each tenant.

Achievements in Germany

257 million EUR
Investments in 2018

Between 5.5 % and 6.5 %
Initial gross rental yield

Niebüll

Acquisition of the 'Pflegeheim Seniorenwohnanlage Niebüll-Gath' nursing and care home

Year built/renovated:	1997
Above-ground surface area:	Approx. 6,300 m²
Number of beds:	Approx. 100
Operator-tenant:	Alloheim Senioren Residenzen
Duration and type of lease:	20 years – Dach und Fach (see Glossary)
Acquisition price:	Approx. 8 million EUR

Langelsheim

Acquisition of the 'Seniorenresidenz Langelsheim' nursing and care home

Year built/renovated (extension):	2004 (2010)
Above-ground surface area:	Approx. 4,500 m²
Number of beds:	Approx. 80
Operator-tenant:	Convivo GmbH
Duration and type of lease:	20 years – Dach und Fach (see Glossary)
Acquisition price:	8 million EUR

Bad Sassendorf

Acquisition of the 'Seniorenzentrum Bad Sassendorf' nursing and care home

Year built/renovated (extension):	1968 (2013)
Above-ground surface area:	Approx. 11,000 m²
Number of beds:	Approx. 130 + 20 service flats
Operator-tenant:	Vital Wohnen Holding
Duration and type of lease:	20 years – Dach und Fach (see Glossary)
Acquisition price:	15 million EUR

Nursing and care home - Ascheffel (DE)

Acquisition of a portfolio of 17 nursing and care homes

Above-ground surface area :	Approx. 75,000 m²
Number of beds:	Approx. 1,500
Operator-tenant:	Stella Vitalis
Duration and type of lease:	30 years – Dach und Fach (see Glossary)
Acquisition price:	> 170 million EUR

	Name of the facility	Land	City	Year of construction	Number of beds
1.	Seniorenzentrum an der Seestraße in Erftstadt-Liblar	NW	Erftstadt	2008	130
2.	Stella Vitalis Seniorenzentrum Bochum	NW	Bochum	2010	92
3.	Stella Vitalis Seniorenzentrum Haan	NW	Haan	2010	91
4.	Pflege Plus + Seniorenzentrum Bottrop	NW	Bottrop	2008	80
5.	Stella Vitalis Seniorenzentrum Alsdorf	NW	Alsdorf	2010	90
6.	Pflege Plus + Seniorenzentrum Duisburg	NW	Duisburg	2007	80
7.	Seniorenzentrum Sonnenhof & Rosengarten	SH	Lunden	1999	94
8.	Seniorenzentrum Haus Hüttener Berge	SH	Ascheffel	1991	80
9.	Seniorenzentrum Haus am Mühlenstrom	SH	Schafflund	1997	78
10.	Seniorenzentrum Haus am Lecker Mühlenstrom	SH	Leck	1999	73
11.	Landhuus Viöl	SH	Viöl	2002	60
12.	Stella Vitalis Seniorenzentrum Weilerswist	NW	Weilerswist	2016	80
13.	Stella Vitalis Seniorenzentrum Weil am Rhein	BW	Weil am Rhein	2015	100
14.	Stella Vitalis Seniorenzentrum Goslar	NI	Goslar	2014	99
15.	Stella Vitalis Seniorenzentrum Friedrichstadt	SH	Friedrichstadt	2017	90
16.	Seniorenzentrum Gelsenkirchen	NW	Gelsenkirchen	2017	80
17.	Stella Vitalis Seniorenzentrum Swisttal	NW	Swisttal	2018	80
Total					**1,477**

Riesa

Acquisition of the 'Azurit Seniorenzentrum Riesa' nursing and care home

Year built/renovated:	**2018**
Above-ground surface area:	Approx. 6,500 m^2
Number of beds:	Approx. 140
Operator-tenant:	Azurit Rohr
Duration and type of lease:	25 years – Dach und Fach (see Glossary)
Acquisition price:	15 million EUR

Montabaur

Acquisition of the 'Azurit Seniorenzentrum Montabaur' nursing and care home

Year built/renovated:	**2003/2010 and 2015**
Above-ground surface area:	Approx. 11,000 m^2
Number of beds:	Approx. 230
Operator-tenant:	Azurit
Duration and type of lease:	24 years – Dach und Fach (see Glossary)
Acquisition price:	19 million EUR

Kaarst

Acquisition of a psychiatric clinic under construction

Timing of works:	**Q2 2020**
Above-ground surface area:	Approx. 7,800 m^2
Number of beds:	Approx. 70 + 20 in day clinic
Operator-tenant:	Oberberg GmbH
Duration and type of lease:	20 years – Dach und Fach (see Glossary)
Acquisition price:	22 million EUR

Achievements in The Netherlands

17 million EUR
Investments in 2018

Between 6 % and 8 %
Initial gross rental yield

Gorinchem

Construction of a care centre for people suffering from mental disorders

Timing of works:	Q1 2019
Above-ground surface area:	Approx. 2,500 m²
Number of beds:	Approx. 40
Operator-tenant:	Stichting Philadelphia Zorg
Duration and type of lease:	15 years – double net
Acquisition price:	4 million EUR

Oisterwijk

Acquisition of a medical office building

Year built/renovated:	2002/2017
Above-ground surface area:	Approx. 1,600 m²
Average occupancy rate as at 31.12.2018 :	Approx. 70 %
Tenants:	Various (para) medical professionals
Weighted average residual lease length at 31.12.2018 and type:	5 years – double net
Acquisition price:	3 million EUR

Rotterdam

Major renovation of a rehabilitation centre and redevelopment of a nursing and care home

Year built/renovated (timing of works):	1966/1999 (Q2 2021)
Above-ground surface area::	Approx. 11,000 m²
Number of beds :	Approx. 27 in revalidation, 60 in geriatric rehabilitation and 48 for long term care
Operator-tenant:	Fundis Group
Duration and type of lease:	25 years – double net
Acquisition price:	23 million EUR

Oud-Beijerland

Acquisition of the 'Open Waard' medical office building

Year built/renovated:	2018
Above-ground surface area:	Approx. 1,500 m²
Average occupancy rate as at 31.12.2018:	Approx. 90 %
Tenants:	Various (para) medical professionals
Weighted average residual lease length at 31.12.2018 and type:	14 years – double net
Acquisition price:	4 million EUR

Rijswijk

Construction of an orthopaedic clinic

Year built/renovated (timing of works):	2013 (Q4 2019)
Above-ground surface area:	4,000 m²
Operator-tenant:	Bergman Clinics
Duration and type of lease:	15 years – triple net
Acquisition price:	10 million EUR

Achievements in France

21 million EUR
Investments in 2018

Between 6 % and 6.5 %
Initial gross rental yield

Esvres-sur-Indre

Renovation and extension works on the 'Domaine de Vontes' aftercare and rehabilitation clinic (SSR - see Glossary)

Year built/renovated (timing of works):	1967 (Q1 2019)
Above-ground surface area:	Approx. 8,600 m²
Number of beds:	Approx. 170
Operator-tenant:	Inicéa
Duration and type of lease:	12 years – double net
Budget of works:	Approx. 9 million EUR

Chalon-sur-Saône

Acquisition of an aftercare and rehabilitation clinic (SSR) under construction

Timing of works:	Q1 2019
Above-ground surface area:	Approx. 9,300 m²
Number of beds:	Approx. 130
Operator-tenant:	French Red Cross
Duration and type of lease:	40 years – BEFA ('Bail en Etat Futur d'Achèvement')
Acquisition price:	20 million EUR

Achievements in Belgium

11 million EUR
Investments in 2018

Between 6 % and 6.5 %
Initial gross rental yield

Keerbergen

Renovation and extension works on the 'De Nootelaer' nursing and care home

Year built/renovated (timing of works):	**1998 (Q1 2019)**
Above-ground surface area:	Approx. 2,000 m²
Number of beds:	Approx. 40
Operator-tenant:	Senior Living Group (Korian Group)
Duration and type of lease:	20 years – triple net
Budget of works:	3 million EUR

Aartselaar

Delivery of renovation and extension works on the 'Zonnewende' nursing and care home

Year built/renovated (extension):	**1978/2013/2018**
Above-ground surface area:	Approx. 13,000 m²
Number of beds:	Approx. 200
Operator-tenant:	Senior Living Group (Korian Group)
Duration and type of lease:	20 years – triple net
Budget of works:	Approx. 7 million EUR

Rijmenam

Renovation and extension works on the 'Zonneweelde' nursing and care home

Year built/renovated (timing of works):	**2002 (Q1 2021)**
Above-ground surface area:	Approx. 15,000 m²
Number of beds:	Approx. 160 + 35 résidences services
Operator-tenant:	Senior Living Group (Korian Group)
Duration and type of lease:	20 years – triple net
Budget of works:	15 million EUR

Property of distribution networks

Cofinimmo's property of distribution networks portfolio consists of a portfolio of pubs and restaurants leased to the AB InBev brewery group (Pubstone) and of a portfolio of insurance agencies leased to the MAAF insurance company (Cofinimur I). The portfolios were acquired through sale and leaseback transactions and generate stable long-term revenues.

15 %
Of the overall portfolio

560 million EUR
Fair value of the portfolio

98.5 %
Occupancy rate

400,000 m²
Above-ground surface area

10.1 years
Residual lease length

Pub "Café Luxembourg" - Brussels (BE)

Market characteristics

Since they are rented under a master lease to a single tenant, the assets comprising the Group's property of distribution networks portfolios are not comparable with traditional retail assets. There is no 'market', in the traditional sense, for this type of portfolios which were acquired through 'sale & leaseback' transactions.

Sale & leaseback transactions

The sale price per square metre requested by the seller is generally reasonable given that it is for buildings which are leased back to the seller. The latter is responsible for paying rent after the sale.

Optimisation of the points-of-sale network for the tenant's business

The buildings are required for the tenant's business due to their location and are leased for the long-term. The potential for releasing them at the end of the lease is, therefore, high for most of them.

Capital risk granularity

In the event that the tenants leave, a significant portion of the properties can be sold as retail outlets or for housing to local investors, whether professionals or not, given that the amounts to be invested are often available to this type of investor.

Support of tenants for the management, development and renovation of the assets

Cofinimmo maintains an ongoing dialogue with the occupant/tenant to increase the geographical scope of his sales network. Buildings with leases that won't be renewed on expiration or which require renovation works in the medium term can thus be identified in advance. In addition, Cofinimmo can acquire new buildings the tenant would like to include in his network.

Strategy

Property of distribution networks and healthcare real estate share the characteristic of generating high, predictable and indexed cash flows, within the framework of generally very long-term contracts. As such, they fit perfectly into the Group's strategy.

Nevertheless, as these markets are only accessible to a limited number of sufficiently qualified investors, Cofinimmo intends to play a major role when the next opportunities arise, as was the case for transactions with AB InBev (2007) and MAAF (2011).

The main characteristics looked for in the property of distribution networks portfolios are their acquisition at an attractive price as part of sale & leaseback transactions, their usefulness as a retail network for the tenant, the granularity of risk they carry and the potential to optimise their composition over time.

Sustainable development

In the acquisition phase for this segment, a long-term partnership with the tenant is essential. A distribution network consists of a large number of small-scale individual assets. Consequently, it is unnecessary during this phase to thoroughly gather the technical characteristics of the buildings. A sample of buildings is analysed and visited. Cofinimmo therefore has relatively little influence on their sustainability in this phase.

Throughout the term of the lease, on the other hand, asset arbitrage is very important for ensuring sustainability. Cofinimmo's influence is in this case dependent on the contractual clauses. Cofinimmo endeavours to transform empty areas into useful spaces, for example through the reconversion of open spaces into residential apartments, or by temporarily making unused floors above shops available as housing.

Cofinimmo also contributes to the development of certain areas and to urban cohesion. Finally, it favours the use of modern techniques and sustainable materials to reduce the carbon footprint of buildings during works on the exterior shell of assets. In particular, an advanced policy is implemented concerning roofing insulation during watertightness works. The day-to-day management of assets, in turn, is not under the operational control of Cofinimmo.

Through these various actions, Cofinimmo intends to fully take up its corporate and environmental responsibilities.

Pubstone: pubs and restaurants

Cofinimmo acquired an entire portfolio of pubs and restaurants at the end of 2007 under the terms of a property partnership. It was previously owned by Immobrew SA/NV, a subsidiary of AB InBev, since renamed Pubstone SA/NV. Cofinimmo leases the premises back to AB InBev under a commercial lease for an initial average term of 23 years. AB InBev sub-leases the premises to operators and retains an indirect stake of 10 % in the Pubstone organisation (see organisation chart on pages 226 and 227). Cofinimmo assumes no risk with respect to the commercial operation of the pubs and restaurants, but handles the structural maintenance of roofs, walls, façades and outside woodwork. On expiry of the lease, AB InBev has the option of renewing under the same conditions or of returning the vacated premises.

In Belgium, the internal Pubstone team consists of eight people, excluding support services, who work in portfolio management (Property and Project Management). There are two team members in the Netherlands.

Pub Cheval Marin - Brussels (BE)

Breakdown of assets in % by country

12 %
Of the overall portfolio

434 million EUR
Fair value of the portfolio

99 %
Occupancy rate

337,000 m²
Above-ground surface area

12 years
Average residual lease length

Cofinimur I: insurance agencies

In December 2011, Cofinimmo acquired a portfolio of commercial agencies from the MAAF Group for its Cofinimur I subsidiary. Cofinimur I issued Mandatory Convertible Bonds (MCB) to finance part of the acquisition of the agencies (see page 48 of the 2011 Annual Financial Report). The agencies, which are operated by MAAF employees, are leased to the insurer for an initial average period of 9.7 years. Cofinimmo is responsible for the Asset and Property Management missions for the entire portfolio.

In Paris, the in-house Cofinimur I team consists of five people responsible for managing the portfolio.

Projects completed in 2018

Sale of six insurance agencies

In 2018, Cofinimmo sold six insurance agencies via its Cofinimur I subsidiary for a total gross amount of 1.4 million EUR. This was more than the investment value of the asset as determined by the independent evaluator on 31.12.2017.

Renovation and construction projects

In 2018, the MAAF Group renovated eight insurance agencies, fulfilling its contractual obligations. The total investment amounted to 2.5 million EUR.

Projects completed in 2018

Sale of 21 pubs and restaurants

In 2018, Cofinimmo sold 21 pubs and restaurants (16 located in Belgium and five located in the Netherlands) vacated by AB InBev through its subsidiaries, Pubstone and Pubstone Properties, for a gross total amount of 5.6 million EUR. This is more than the investment value of the assets as determined by the independent evaluators on 31.12.2017.

Technical work and refurbishments projects

In 2018, the Property and Project Management operations teams supervised 393 technical interventions on the pubs and restaurants portfolio (322 in Belgium and 71 in the Netherlands). They managed 336 renovation projects (258 in Belgium and 78 in the Netherlands), for a total of 4.7 million EUR. This consisted primarily of exterior painting, woodwork and roofing.

Main renovation projects in 2018

Location	Type of work
Belgium	
L'Ecuyer - Rue de l'Ecuyerstraat 2-4 - Brussels	Renovation of the roof, rear façade and woodwork replacement
L'Espérance - Place Jourdanplein 47 - Etterbeek	Renovation of the rear and front façade
De Harmonie – Grote Markt 10 - Ronse	Painting of the front and rear façade and roof repairs
Speakers Corner – Hofbouwlaan 1 - Ghent	Painting of the façade
The Netherlands	
Leidseplein 2 - Amsterdam	Renovation of the roof and exterior painting
Piusplein 5 - Tilbourg	Exterior painting
Markt 64 - Valkenswaard	Exterior painting

MAAF Insurance agency - Villejuif (FR)

3 %
Of the overall portfolio

127 million EUR
Fair value of the portfolio

97 %
Occupancy rate

4 years
Average residual lease length

58,000 m²
Above-grond surface area

271
Number of assets

Public-private partnerships

Cofinimmo invests in special-use buildings in Belgium via public-private partnerships (PPP). The company contributes to the renovation and improvement of public and parapublic real estate assets in this way. To date, the PPP portfolio consists of seven assets in operation.

Market characteristics

Cofinimmo strives to meet the specific needs of public authorities and provide its real estate and financial expertise for long-term partnerships. They are usually the subject of public contracts.

Cofinimmo is in charge of studying the economic and technical life cycle of the project. The analysis identifies the best compromise between initial investment and future expenses, for both maintenance costs and replacement and repair costs.

Cofinimmo doesn't bear the construction risk for this type of property investment. This is the responsibility of an appointed general contractor, with whom is agreed to pay a flat fee upon delivery of the building. However, the Group supervises the quality and execution of the construction works.

Cofinimmo's also responsible for upkeep and maintenance throughout the tenancy, which is usually under a lease for an extended period or long-lease. At the end of the lease, the public authority has the option to purchase the property or to transfer ownership free of charge. Cofinimmo does not have perpetual ownership of the properties and, as a result, they are booked under the section 'finance lease receivables' on the balance sheet (103.6 million EUR at 31.12.2018).

Courthouse - Antwerp (BE)

Strategy

Public-private partnerships as well as property of distribution networks and healthcare real estate share the characteristic of generating high, predictable and indexed cash flows, within the framework of generally very long-term contracts. As such, they fit perfectly into the Group's strategy.

Sustainable development

In the acquisition of unique assets intended for public use, a long-term partnership with the tenant is also essential. Indeed, the authorities serve as a model in the area of sustainable development. They are required to include high technical standards in terms of energy performance, resulting in stringent specifications. This situation as such gives Cofinimmo little influence on the sustainability of assets during this phase.

During the design and construction of the asset, Cofinimmo's influence is dependent on the contractual clauses. Consequently, Cofinimmo acts more as an adviser in the area of sustainable construction. It constantly seeks innovative solutions that help to improve the specifications in the context of a competitive dialogue. Thus, Cofinimmo contributes to the financing of a public need.

The day-to-day management of assets is not under its operational control. However, in certain cases, Cofinimmo ensures the management of assets in accordance with a Performance Contract defined by the public authorities. The structures and procedures in place for the office sector help to comply with the strict provisions and requirements of the contract.

All this influence enables Cofinimmo to fully embrace its corporate and environmental responsibilities.

Assets in the Cofinimmo PPP portfolio in operation as at 31.12.2018

Property	Surface area (in m²)
Courthouse Antwerp	72,132
Prison Leuze-en-Hainaut	28,316
Fire station Antwerp	23,323
Police station Termonde	9,645
Student housing Nelson Mandela Brussels (Ixelles/Elsene)	8,088
Police station HEKLA zone	3,800
Student housing Depage Brussels (Ixelles/Elsene)	3,196

Prison of Leuze - Leuze-en-Hainaut (BE)

Offices

Cofinimmo has been a major player in the Brussels office market for over 35 years. The group relies on the experience it has accumulated in the sector to proactively and dynamically manage its portfolio of 84 office buildings: rental management, upgrades to meet the requirements of 'new ways of work', a renovation and reconversion programme and asset arbitrages are carried out with a forward-looking outlook on the long term.

34 %
Of the overall portfolio

600,000 m²
Above ground surface area

1,257 million EUR
Fair value of the portfolio

88.8 %
Occupancy rate

84
Number of assets

The Lounge® - Park Lane office building - Brussels Decentralised (BE)

Market characteristics[1]

The Brussels office market sub-sectors

The Brussels office market consists of several sub-sectors. The four largest are often grouped together under the heading 'Central Business District' (CBD).

Brussels city centre: the historical heart of the city
Occupants: Belgian public authorities and medium-size and large private Belgian companies.

Leopold district: European district
Occupants: European institutions and delegations and the non-profits organisations working with them, medium-size and large private companies, law firms, lobbyists.

Brussels North: business area
Occupants: Belgian national and regional public authorities, semi-public and large private companies.

Louise district: high-end district, mixed use (residential and offices)
Occupants: law firms, embassies and medium-size private companies.

Brussels Decentralised: the rest of the 19 municipalities of the Brussels-Capital Region, primarily residential
Occupants: medium-size and large private companies.

Brussels Periphery & Satellites: the area adjoining the Brussels-Capital Region, the Ring and the national airport
Occupants: private companies of all sizes.

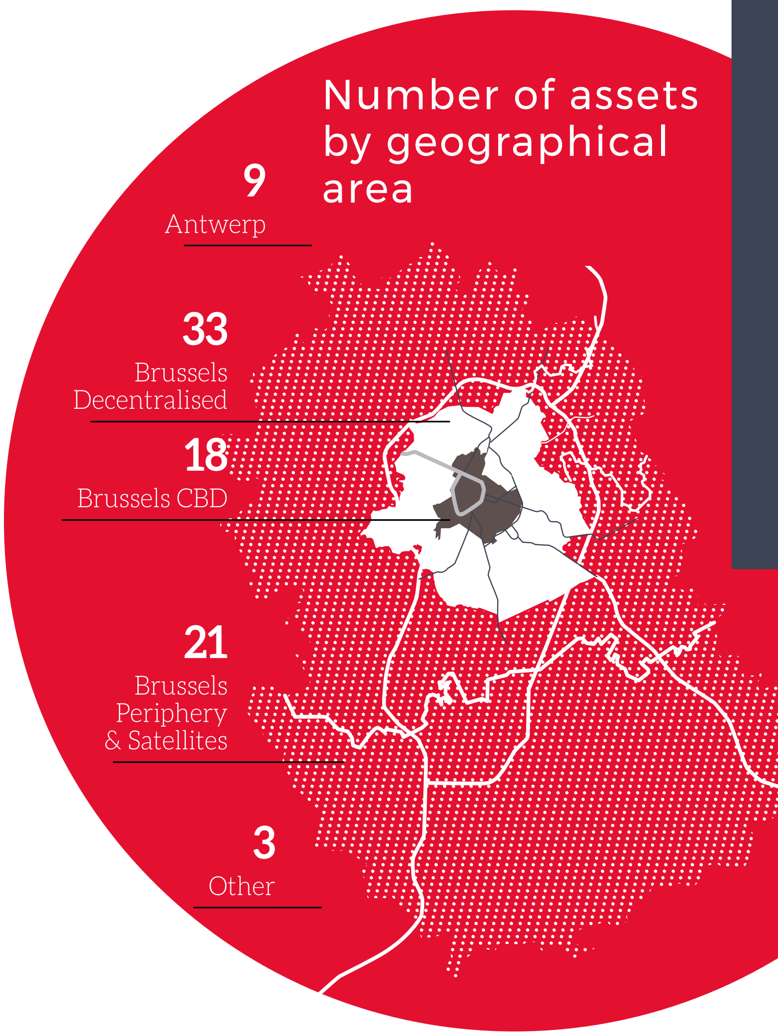
1 Sources : CBRE, Cushman & Wakefield, Jones Lang LaSalle.

The Brussels office rental market

Demand

Rental demand in the Brussels office market reached 370,000 m² in 2018. Although, the rental demand is lower compared to last year (400,000 m²), it is very much in line with the average performance over the last decade (395,000 m²).

Transactions with co-working operators and pre-leasing in new buildings boosted the take-up in 2018. The European Quarter was particularly active with almost 100,000 m² of new rentals. Among the most important rentals of the year are that of the EEAS (EU) in the Orban space for 18,000 m² in the European district, Silversquare which will install a co-working space of 10,500 m² in the Quatuor office building in the North district and the 'Federation Wallonie Bruxelles' which will settle in the Canal office building 16 (10,000 m²), also in the North district.



Offering

During the 2018 financial year, 110,000 m² were delivered, of which 30,000 m² were still available on delivery. The main projects delivered were the Passport office building (28,000 m²) and the Belliard 40 office building (19,000 m²). Currently, 470,000 m² of offices are under construction for delivery by 2020, of which 210,000 m² are still available for rent.

The most important development projects are the Manhattan Center, Seven, Phoenix, Foursome and the Station Maritime in the North district, The One and the Spectrum in the Leopold district and the Multi tower and the Tweed in the small pentagon. Cofinimmo delivered 18,800 m² of offices (75 % already pre-let in 2018) in the Belliard 40 building (Leopold district) at the end of February 2018 and will redevelop also the Quartz (formerly Arts/Kunst 19H), a 9,200 m² office building located in the Leopold district, whose delivery is scheduled for early 2020.

Belliard 40 office building - Brussels CBD (BE)

Vacancy

At the end of 2018, the rental vacancy on the Brussels office market represented 7.9 %. This decrease compared to the previous year (8.6 %) is explained by the low quantity of new buildings put on the market on a speculative base or in which there was no pre-lease, on the one hand, and by the increasing conversion of office buildings for alternative uses, mainly in the districts Louise and Brussels Decentralised, on the other hand. The vacancy rate is otherwise particularly low in Grade A buildings (+/- 3 %).

The Brussels office market is still characterised by a diverse dynamic. The vacancy rate has decreased in all central neighborhoods and is currently around 4 % in the Leopold district, 3 % in the North district and 3 % in the small pentagon. Even though decreased in 2018, the average vacancy rate in Decentralised and Periphery remains high with respectively 12 % and 18 % .

The Brussels office investment market

In 2018, 1.9 billion EUR was invested in office buildings in Brussels, a slightly higher level to that of previous years. The most significant transactions impacted the Egmont I and II buildings, The One, Loi/Wet 15, Botanical Tower, Waterloo 16, CCN and Hospital Tower.

With large deals such as Egmont or The One, 70 % of total investments was made by foreign investors.

Premium yields for offices in Brussels have continued to decline: at the end of 2018, they stood at 4.25 % in the CBD and at 3.50 % for long leased assets.

Offices Strategy

Since it was established in 1983, Cofinimmo has been a major player in the Brussels office market, which consists of the various sub-sectors described above.

It is in this market that the company has built its real estate expertise for 35 years. In fact, Cofinimmo's staff is experienced in the management from A to Z of large-scale projects, including the design, construction, renovation, conversion and development of sites, in view of renting or even selling. They master all aspects of the building life cycle. This know-how has expanded from offices to healthcare real estate, real estate distribution networks and PPPs, which benefit from the synergies thus created.

In parallel with the development of the healthcare real estate sector, Cofinimmo is focusing on the rebalancing of its office portfolio between the various sub-segments, in favor of high-quality buildings located in the Central Business District ('CBD'). The rental vacancy in this sector, lower than the average of the Brussels market, makes it possible to achieve higher net returns.

In order to have an optimal operational platform, the size of the office portfolio should ideally oscillate around one billion EUR, as it is currently the case.

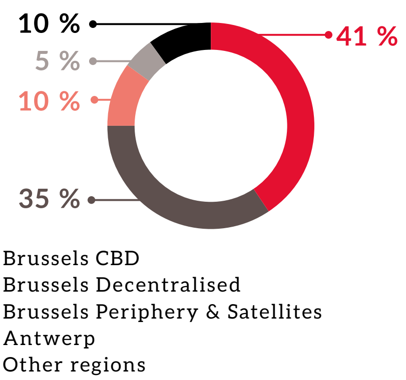
Proximity to clients

Cofinimmo works to build close and sustainable relationships with the tenants to ensure client satisfaction and loyalty. Building management is handled entirely in-house, that is, by its employees. The size of its office portfolio, which is in excess of one billion EUR, enables the Group to have a complete human and technical management platform and to manage the costs.

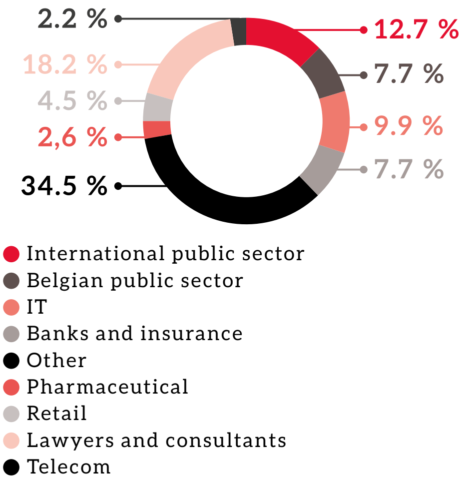
The technical teams consist of industrial and civil engineers, architects and interior designers who supervise upgrade, maintenance and renovation works. The Service Desk is accessible 24/7 and is responsible for organising the response to requests for service and repairs.

The sales teams are in constant contact with the clients to meet their flexibility requirements. The administrative and accounting teams invoice rents and provide a breakdown of charges and taxes. The legal department prepares leases and monitors all disputes in progress.

Breakdown of the consolidated portfolio by geographical area
(as at 31.12.2018) - at fair value (in %)



Breakdown of the consolidated portfolio by tenant business sector
(as at 31.12.2018) - in contractual rents (in %)



Proactive rental management

The rental vacancy risk faced by Cofinimmo each year involves an average of 10 % to 15 % of its office portfolio. A commercial strategy based on a close relationship with the clients contributes to a continued high occupancy level and positive operating margin growth.

The commercial strategy is rounded out by the implementation of innovative solutions intended to best meet the needs of tenants in terms of work space flexibility, mobility and diversity. The development of the Flex Corners® and Lounges® concepts are examples of this.

Flex Corner® by Cofinimmo

This concept enables clients looking for smaller office spaces to lease a private space in an office building equipped with shared infrastructure (kitchenette, lounge, meeting rooms). Leases are offered on a monthly basis and include rent, taxes and charges for both the private space and the shared areas. The contracts are drawn up for a length of time corresponding to the client's needs with a minimum of one year. A 'Custom your lease' option is also available, making it possible for tenants to establish their own lease period based on contractual terms suited to their needs.

This concept was initiated in 2016 and is now available in ten of the buildings in the portfolio which had vacant space. The occupancy rate of the Flex Corners® stood at approximately 75 % at the end of 2018.

The Lounge® by Cofinimmo

The Group has two 'Lounges® by Cofinimmo': the first, inaugurated in 2016, in the Park Lane in Diegem and the second, finished in 2017, in The Gradient building in Brussels (Woluwe-Saint-Pierre/ Sint-Pieters-Woluwe).

Cofinimmo provides tenants and their visitors with modern, inspiring and comfortable shared spaces that include catering, meeting, networking and relaxation areas. The spaces are managed on-site by the 'Community Manager'. The concept meets the growing need for a range of different types of work spaces.

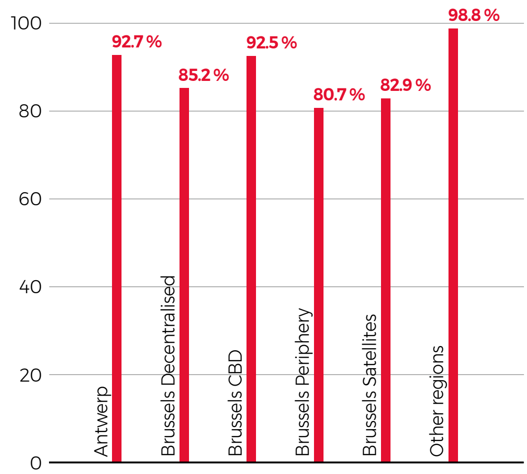
Cofinimmo's office portfolio occupancy rate was 88.8 % at 31.12.2018 compared to 92.1 % for the Brussels office market overall[1].

New leases and renegotiated leases were signed for over 61,595 m² of office space in 2018. The most important transactions involved the Belliard 40 and Bourget 42 buildings. The weighted average residual duration (until the first option of possible termination) of the Cofinimmo office portfolio was 4.0 years at 31.12.2018.

In 2018, out of the 85,250 m² with the potential to become vacant in 2018:

- 68 % of the rental vacancy risk was secured;
- 30 % of the areas at risk are renegotiated;
- 2 % of the areas at risk were the subject of an end of lease, without being re-leased in the same year.

Occupancy rate by geographical area
(as at 31.12.2018)



1 Source: Cushman & Wakefield.

Loi/Wet 56 office building - Brussels CBD (BE)

Redevelopment projects
Cofinimmo's in-house technical teams, consisting of industrial and civil engineers, architects and interior designers, are responsible for redevelopment projects including renovations, reconstruction and reconversions. The projects are part of a long-term programme to optimise the composition of the portfolio, create value and, in general, responsibly transform the urban landscape.

Selective arbitrage of assets
Cofinimmo has implemented a selective arbitrage policy for its office buildings while maintaining its portfolio above a billion EUR which is compatible with the need for a complete management platform.

In parallel with the development of the healthcare real estate sector, Cofinimmo is focusing on the rebalancing of its office portfolio between the various sub-sectors, in favour of high-quality buildings located in the Central Business District (CBD). The rental vacancy in this sector, lower than the average of the Brussels market, makes it possible to achieve higher net returns.

The goal is to take advantage of investors' appetite for certain types of assets and to optimise the composition of the portfolio in terms of age, size, location and the rental situation of buildings. The funds collected are then reinvested in high quality buildings located in the Central Business District (CBD).

Committed investment programme in offices as at 31.12.2018

Building	Type of work	Surface area after works	Work completion
Quartz	Demolition/reconstruction	9,000 m²	Q2 2020

Coffee Corner - Bourget 50 office building - Brussels Decentralised (BE)

Sustainable development

In the day-to-day management of its office portfolio, Cofinimmo has the adoption of a sustainable and environmental approach as one of its primary objectives. Cofinimmo's sustainable development strategy has first and foremost been influenced by European, national and even regional regulatory frameworks. Wishing to be proactive, Cofinimmo has gone further and has demonstrated agility by incorporating new requirements facilitating adaptation to these regulations.

Indeed, Cofinimmo's influence can be decisive, especially during an acquisition. It assesses the need for the redevelopment of a project so as to keep the building up to standard over the long term. During the selection of projects, it considers the location and in particular the accessibility of the site using sustainable transport.

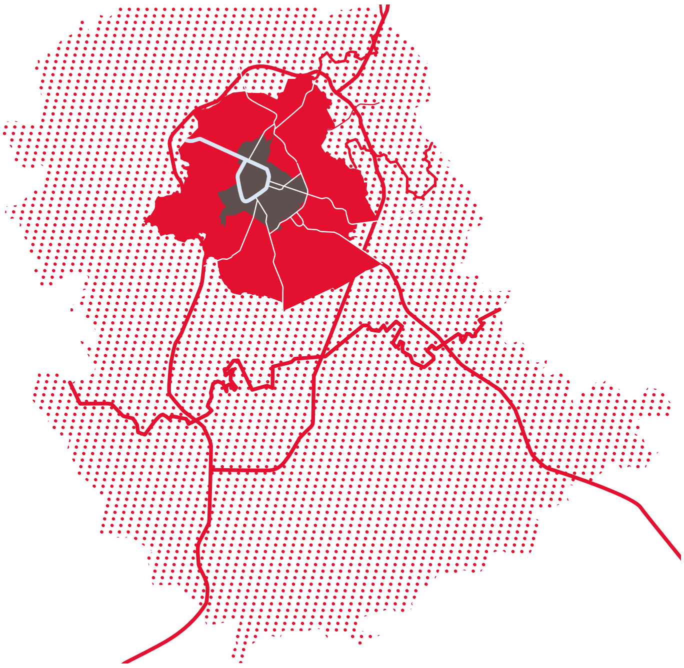
Of course, Cofinimmo adopts a 'life cycle' approach for the technical management of buildings. When an office building reaches the end of its life, the building is 'recycled'. In central locations in Brussels, where demand for offices is high, the building is thoroughly renovated. For less central sites, a study is carried out on the possible reconversion of the building. Thus, Cofinimmo endeavours to best respond to the changing needs of office users in terms of the flexibility, mobility and diversity of living spaces at work.

Furthermore, Cofinimmo pays specific attention to transforming the urban landscape in a responsible manner by focusing on aesthetics and the diversity of districts. Cofinimmo also favours the use of modern techniques and sustainable materials to reduce the carbon footprint of the buildings developed, while also endeavouring to reuse waste from project sites.

The day-to-day management of office buildings is also a real source of leverage in the sustainable development strategy. Property management has been an in-house activity since 1999, and its influence is significant. Making tenants aware of their energy consumption and the signing of agreements with green energy suppliers is intended to reduce the carbon footprint of buildings. Energy data management software processes the consumption figures (water, gas, electricity and waste) for all the shared spaces of offices under operational control, as well as the private consumption voluntarily provided by the different tenants. Using this tool helps to identify possible sources of savings and to measure the impact of the investments made. Through the installation of meters than can be read remotely, the whole portfolio of offices under operational control is connected to the energy accounting software in real time.

Through these areas of focus, Cofinimmo wishes to fully take up its corporate and environmental responsibility.

Achievements in 2018



34 million EUR
Investments in 2018

62,000 m²
Surfaces secured or rented in 2018

Belliard 40

Demolition and reconstruction

Timing of works:	Q1 2015 – Q1 2018
Above-ground surface area:	Approx. 20,000 m²
Budget of works:	48 million EUR
Marketing:	75 % of surface area pre-let at 31.12.2018

Egmont I and II

Signing of a long-lease

Total above-ground surface area:	Approx. 53,000 m²
Occupancy rate:	100 %

Quartz

Demolition and reconstruction

Timing of works:	Q3 2017 – Q2 2020
Above-ground surface area:	8,600 m²
Budget of works:	24 million EUR

Serenitas / Moulin à Papier/Papiermolen

Signing of agreements for the assignment of a 99-year long-lease

Above-ground surface area:	23,000 m²
Sales price :	27 million EUR

Souverain/Vorst 24

Private sale

Above-ground surface area:	3,900 m²
Sales price :	6 million EUR

Arts/Kunst 27

Acquistion of the company that holds Arts/Kunst 27 office building

Above-ground surface area:	3,500 m² offices and 300 m² commercial space
Occupancy rate:	100 %
Acquisition price:	20 million EUR

Arts/Kunst 46, Colonel Bourg 122 and Omega court (Phase II)

Opening of three 'Flex Corners® by Cofinimmo'

Above-ground surface area:	2,500 m²

Souverain/Vorst 23-25

Since April 2016, the site located at Boulevard du Souverain/Vorstlaan 23-25 (Brussels Decentralised) has been the focus of interest from US State Department for the possible relocation of US embassies to the Kingdom of Belgium and the European Union. Negotiations between Cofinimmo and the US State Department continued until the summer of 2018. The US State Department informed that it was no longer interested in the Souverain/Vorst 23-25 site. This withdrawal frees Cofinimmo to examine new options to restore activity on the site, in an economically viable project.

Composition of the consolidated portfolio

At 31.12.2018 the Group's consolidated property portfolio consisted of 1,489 buildings, for a total above-ground surface area of 1,921,702 m². Its fair value stands at 3,728 million EUR.

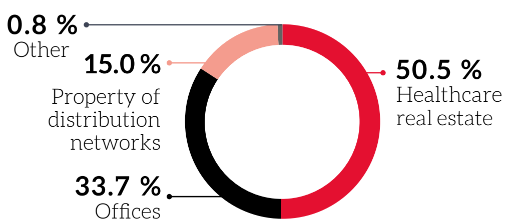
Healthcare real estate already accounts for more than 50 % of the Group's portfolio, spread over four countries (Belgium, France, the Netherlands and Germany). One third of the portfolio is invested in offices in Belgium, mainly in Brussels, the capital of Europe.

The Group also has two distribution networks leased to major players (AB InBev in Belgium and the Netherlands, and MAAF in France). Healthcare real estate assets and property distribution networks are subject to very long-term leases and together account for two-thirds of the Group's portfolio.

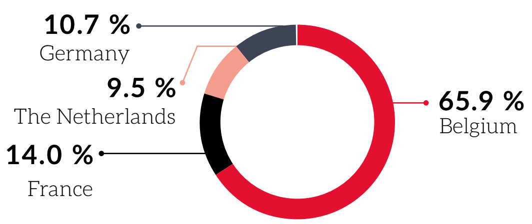
The portfolio consists of:

- **in Belgium**: healthcare and office assets, a network of pubs and restaurants, and Public-Private Partnerships;
- **in France**: healthcare assets and an insurance agency network;
- **in the Netherlands**: healthcare assets and a network of pubs and restaurants;
- **in Germany**: healthcare assets.

Breakdown of the consolidated portfolio by real estate sector (as at 31.12.2018 - at fair value)



Breakdown of the consolidated portfolio by country (as at 31.12.2018 - at fair value)



Seniorenresidenz Calau nursing and care home – Calau (DE)

Changes in the consolidated portfolio

Change from 1996 to 2018

Cofinimmo was approved as a public fixed capital investment company (Sicafi/Vastgoedbevak - now SIR/GVV) in 1996. The investment value of its consolidated portfolio amounted to just 600 million EUR at 31.12.1995. At 31.12.2018 it exceeds 3.9 billion EUR.

Between 31.12.1995 and 31.12.2018, the Group:

- invested a total of 5,099 million EUR (acquisitions, construction and renovation);
- had sales of 2,155 million EUR.

On average, before deduction of payments to intermediaries and other miscellaneous expenses, Cofinimmo had a net gain of 9.1 % on sales compared to the latest annual valuations preceding the sales, in investment value. The figures do not include the gains and losses realised on the sale of shares of companies holding buildings. The amounts are recorded as gains or losses on the sale of real estate assets.

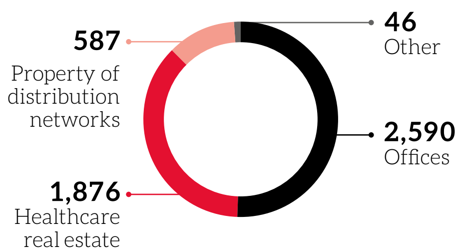
The graph on this page shows the breakdown by real estate sector of investments totalling 5,099 million EUR made between 1996 and 2018.

It demonstrates that the share of healthcare real estate in the overall portfolio of Cofinimmo, which already reaches 50 %, promises to grow significantly.

Evolution in the investment value of the consolidated portfolio between 1996 and 2018 (x 1,000,000 EUR)

Investment value of the portfolio at 31.12.1995	609
Acquisitions	4,208
Construction and renovation	891
Net disposal value	-2,335
Realised gains and losses compared to the last annual estimated value	180
Writeback of lease payments sold	200
Change in the investment value	138
Investment value of the portfolio at 31.12.2018	3,890

Breakdown of investments by real estate sector between 1996 and 2018 - in investment value (x 1,000,000 EUR)



● Tillens nursing and care home - Brussels (BE)

Change in 2018

The investment value of the Group's consolidated portfolio increased from 3,654 million EUR at 31.12.2017 to 3,890 million EUR at 31.12.2018. At fair value, the figures were 3,508 million EUR at 31.12.2017 and 3,728 million EUR at 31.12.2018.

In 2018, the Group:

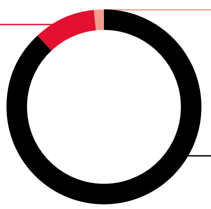
- invested a total of 345 million EUR (acquisitions, construction and renovation)[1];
- had sales of 115 million EUR.

The 2018 sales consisted primarily a healthcare asset in France, 22 pubs and restaurants from the Pubstone distribution network, six insurance agencies from the Cofinimur I network, as well as two offices buildings in Brussels. On average, before deduction of payments to intermediaries and other miscellaneous expenses, the Group had a net gain in investment value of 8.2 % on sales compared to the latest annual valuations preceding the sales. In addition, a net gain of nearly 27 million EUR was realised upon the transfer of long-lease rights in respect of the Egmont I and II buildings.

The graph on this page shows the breakdown by real estate sector of investments totalling 329 million EUR realised in 2018.

The change in the fair value of Cofinimmo's consolidated portfolio was 220 million EUR in 2018 (236 million EUR in investment value), i.e., an increase of 6.3 %. The table on the following page shows the change in the fair value of the portfolio in 2018 by real estate sector and by geographical area.

Breakdown of investments by real estate sector in 2018 - in investment value (x 1,000,000 EUR)



Change in the investment value of the consolidated portfolio in 2018 (x 1,000,000 EUR)

Investment value of the portfolio at 31.12.2017	3,654
Acquisitions	279
Construction and renovation	50
Net disposal value	-143
Realised gains and losses compared with the last annual estimated value	28
Writeback of lease payments sold	9
Change in the investment value	12
Investment value of the portfolio at 31.12.2018	3,890

1 Of which 329 million EUR in investment properties and 17 million EUR in finance lease receivables.

Change in the fair value of the consolidated portfolio, by real estate sector and by geographical area in 2018

Real estate sector and geographical area	Change in fair value[1]	Share of the consolidated portfolio
Healthcare real estate	**+ 1.0 %**	**50.5 %**
Belgium	+ 1.5 %	23.6 %
France	- 2.9 %	10.6 %
The Netherlands	+ 5.7 %	5.6 %
Germany	+ 1.7 %	10.7 %
Offices	**- 1.3 %**	**33.7 %**
Brussels Centre	+ 6.4 %	0.4 %
Brussels Decentralised	- 5.8 %	11.7 %
Brussels Leopold/Louise	+ 3.4 %	13.3 %
Brussels Periphery & Satellites	- 4.7 %	3.3 %
Antwerp	- 0.9 %	1.8 %
Other regions	+ 0.5 %	3.3 %
Property of distribution networks	**+ 1.3 %**	**15.0 %**
Pubstone - Belgium	+ 1.5 %	7.8 %
Pubstone - The Netherlands	+ 1.8 %	3.8 %
Cofinimur I	+ 0.3 %	3.4 %
Other	**+ 0.2 %**	**0.8 %**
TOTAL PORTFOLIO	**+ 0.3 %**	**100 %**

Pub “Café Luxembourg” - Brussels (BE)

1 Without the initial effect from the changes in the scope.

Rental situation of the consolidated portfolio

The commercial management of Cofinimmo's portfolio is handled entirely in-house: proximity to clients enables the Group to build a long-term relationship of trust, an essential element for ensuring a high occupancy rate, long lease maturities and quality tenants.

Occupancy rate

The occupancy rate of Cofinimmo's consolidated portfolio (excluding assets held for sale), calculated on the basis of contractual rents for space leased and the rental values estimated by independent real estate experts for unoccupied space was 95.8 % at 31.12.2018. It is as follows for each real estate sector:

Real estate sector and country	Occupancy rate	Comment
Healthcare real estate	**99.9 %**	
Belgium	100.0 %	The assets acquired are fully leased to healthcare operators with which Cofinimmo has signed leases with an initial duration of 27 years. Developed assets are all pre-leased.
France	100.0 %	The assets acquired are fully leased to healthcare operators, generally through leases with an initial duration of 12 years. Cofinimmo took over the existing leases of certain assets at the time of acquisition, resulting in an average residual lease length of 2.9 years. The leases of three assets have expired since Cofinnimo's arrival on the French healthcare market (2008): as at 31.12.2018, one empty asset had been sold at market value. Developed assets are all pre-leased.
The Netherlands	99.1 %	Cofinimmo owns 11 medical office buildings which are directly leased to healthcare professionals who receive their patients in the facilities. As at 31.12.2018, the occupancy rate of these buildings was 97 %. All other assets are fully leased to healthcare operators with whom Cofinimmo generally signs leases with an initial duration of 15 years. Developed assets are all pre-leased.
Germany	100.0 %	The assets acquired are fully leased to healthcare operators with whom Cofinimmo generally signs leases with an initial duration of 25 to 30 years.
Offices	**88.8 %**	The majority of leases Cofinimmo signed in this sector are 3/6/9 years. The rental vacancy risk the Group faces each year represents an average of 10 % to 15 % of its office portfolio. In 2018, 68 % of the risk was secured by non-exercised termination options, renegotiations and lease renewals. 30 % is under negotiation. By comparison, the average vacancy rate in the Brussels office market was 8 % as at 31.12.2018 (source: Cushman & Wakefield).
Property of distribution networks	**98.5 %**	
Pubstone Belgium	99.0 %	As of the seventh year of the lease (2014), AB InBev has the option of terminating pubs and restaurants leases each year accounting for up to 1.75 % of the annual rental income of the total Pubstone portfolio. The brewing group has vacated 92 assets since 2014: as at 31.12.2018, 11 had been leased again, 68 had been sold and 13 were empty.
Pubstone The Netherlands	98.6 %	As of the seventh year of the lease and at every five-year anniversary of the sub-lease agreed by AB InBev and the pubs and restaurants operator, AB InBev has the option of giving up the establishment, on condition that the leases terminated during a given year do not total more than 1.75 % of the annual rental income of the total Pubstone portfolio. The brewing group has vacated 23 assets since 2014: as at 31.12.2018, 18 had been sold and 5 were empty.
Cofinimur I	97.2 %	At the time the insurance agencies leased to MAAF were acquired (2011), ten agencies were either empty or rented through a lease with a residual length of less than one year. As at 31.12.2018, of the ten assets, nine had been sold and one was leased. The other assets acquired are leased for an initial duration of 3, 6, 9 or 12 years. In addition, the leases of 25 agencies have expired since the portfolio was acquired: as at 31.12.2018, six had been sold, 11 were empty and eight of them have been re-leased.
Other	**100.0 %**	This sector consists primarily of a police station fully leased to a public authority for an initial period of 28 years.
TOTAL	**95.8 %**	

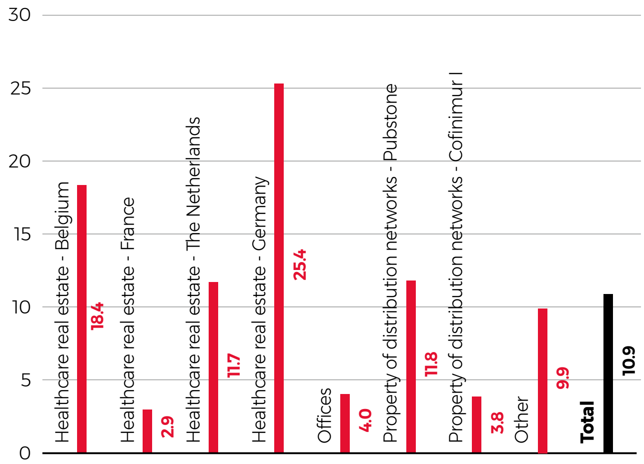
Lease maturities

If every tenant were to exercise their first break option, the weighted average residual length of all leases in effect on 31.12.2018 would be 10.9 years. The graph below shows the lease maturity for each real estate sector at 31.12.2018.

Average lease maturity would increase to 11.8 years if no break options are exercised i.e. if all tenants would remain in their rented space until the contractual end of the leases.

As at 31.12.2018, nearly 50 % of the leases signed by the Group had a term longer than nine years (see table below).

Weighted average residual lease length per real estate sector until the first break option as at 31.12.2018 - in number of years



Breakdown of the consolidated portfolio based on lease maturities as at 31.12.2018 – in contractual rents

Lease maturities	Share of the consolidated portfolio
Leases > 9 years	**54.3 %**
Healthcare real estate	37.7 %
Property of distribution networks - Pubstone	12.9 %
Offices - public sector	1.7 %
Offices - private sector	1.5 %
Other	0.6 %
Leases 6-9 years	**3.6 %**
Offices	1.9 %
Healthcare real estate	1.4 %
Other	0.2 %
Property of distribution networks - Cofinimur I	0.0 %
Leases < 6 years	**42.1 %**
Offices	27.6 %
Healthcare real estate	11.2 %
Property of distribution networks - Cofinimur I	3.4 %
TOTAL	100 %

95.8 %
Occupancy rate

10.9 years
Average residual lease length

Tenants
Cofinimmo's consolidated portfolio consists of 473 tenants from a range of sectors, a diversification that contributes to the Group's moderate risk profile. The listed French group Korian, expert in care and support services for the elderly, is the Group's leading tenant. It is followed by AB InBev which leases the Pubstone pubs and restaurants portfolio.

Change in rental income
Gross rental income increased from 208.5 million EUR in 2017 to 215.5 million EUR in 2018, i.e., an increase of 3.4 %. On a like-for-like basis, gross rental income increased by 1.5 %. The table on this page shows the change in gross rental income for the various real estate sectors and countries in 2018, on a like-for-like basis.

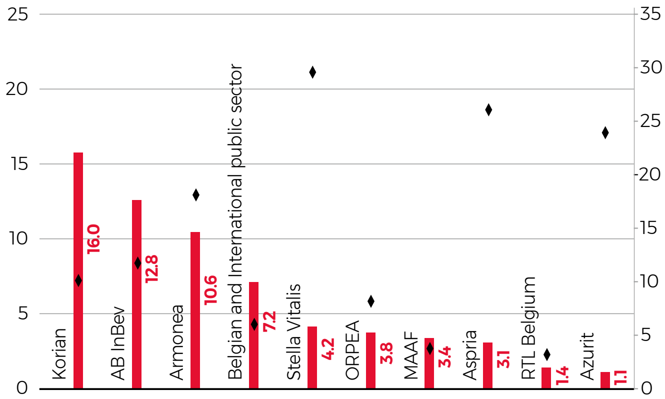
The positive effect of new leases (+2.7 %) and indexation (+1.4 %) largely compensate the negative effect of departures (-1.9 %) and renegotiations (-0.7 %).

Guaranteed rental income
Cofinimmo is able to secure its long-term revenue thanks to its portfolio diversification strategy and its active commercial management. Over 73 % of the rental income is contractually guaranteed until 2022. This percentage increases to 79 % if no termination options are exercised and all of the stay in their rented places until the contractual end of their lease.

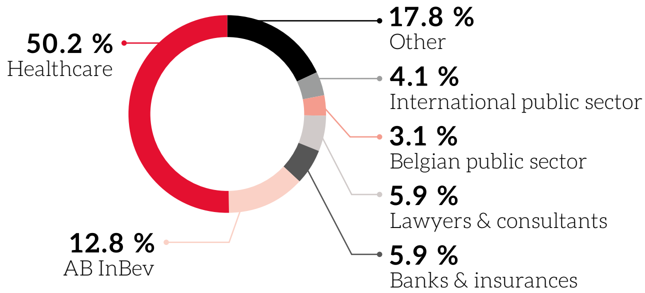
Change in gross rental income on a like-for-like basis, by real estate sector in 2018

Real estate sector	Change in gross rental income on a like-for-like basis	Share of the consolidated portfolio
Healthcare real estate	0.9 %	50.2 %
Offices	2.2 %	32.7 %
Property of distribution networks	1.9 %	16.2 %
Other	1.6 %	0.8 %
TOTAL	**1.5 %**	**100 %**

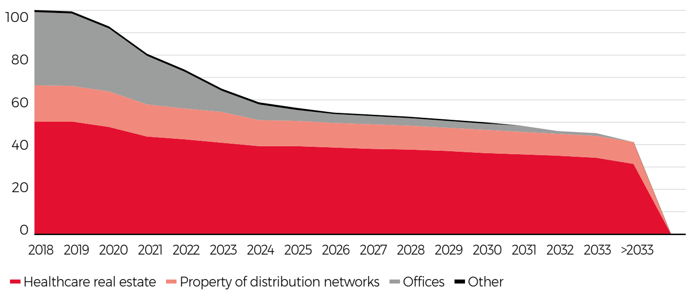
Top 10 tenants as at 31.12.2018 - in contractual rents in % and weighted average residual lease length until the first break option as at 31.12.2018 - in number of years



Breakdown of the consolidated portfolio by tenant business sector as at 31.12.2018 - in contractual rents



Guaranteed rental income as at 31.12.2018 - in contractual rents (in %)

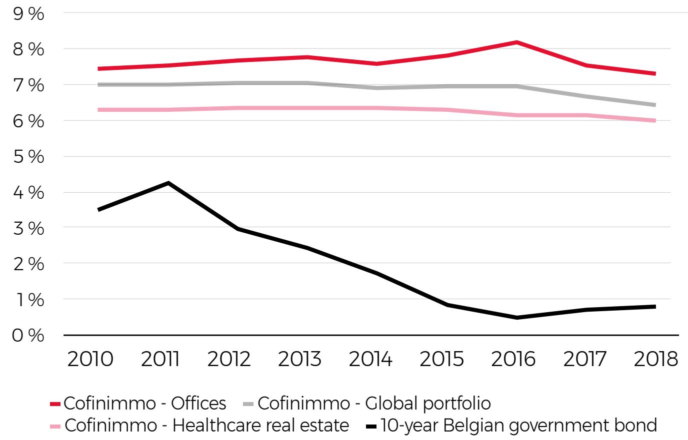


Rental yield

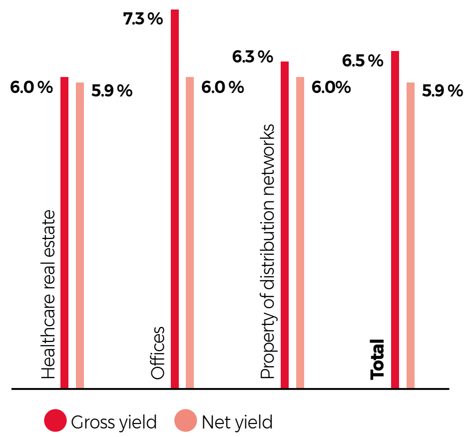
Rental yield is defined as the rental income for rented spaces and the estimated rental value of unoccupied space, divided by the investment value of the buildings (excluding assets held for sale) as established by the real estate evaluators. This rental yield is defined as the capitalisation rate of rental income applied to real estate assets.

The difference between gross rental yields and net rental yields reflects direct costs: technical costs (maintenance, repairs, etc.), commercial costs (agent commissions, marketing expenses, etc.) and charges and taxes on unoccupied space. The majority of healthcare real estate leases in France and Belgium are 'triple net', while in Germany and the Netherlands the majority is of the type 'Dach und Fach' (see Glossary) and 'double net' respectively. The 'triple net' lease implies that the maintenance and insurance expenses, as well as the taxes, are at the tenant's expense, contrary to the 'double net' lease. Therefore, gross and net rental yields are almost identical in this sector.

Capitalisation rates applied to the Cofinimmo portfolio and yield on 10-year Belgian government bonds as at 31.12.2018



Gross/net yields per real estate sector as at 31.12.2018



Sector information

Real estate sector and country	Number of buildings	Surface area (in m²)	Average age (in years)	Fair value (x 1,000,000 EUR)	Share of the consolidated portfolio in fair value (in %)	Contractual rents (x 1,000,000 EUR)	Share of the consolidated portfolio in contractual rents (in %)
Healthcare real estate	**169**	**894,996**	**12**	**1,882**	**50.5 %**	**116,745**	**50.2 %**
Belgium	57	392,488	11	880	23.6 %	52,845	22.7 %
France	49	211,564	> 15	394	10.6 %	25,915	11.2 %
The Netherlands	32	98,014	7	210	5.6 %	13,760	5.9 %
Germany	31	192,930	8	397	10.7 %	24,225	10.4 %
Offices	**84**	**615,831**	**14**	**1,257**	**33.7 %**	**75,981**	**32.7 %**
Property of distribution networks	**1,233**	**395,044**	**> 15**	**561**	**15.0 %**	**37,747**	**16.2 %**
Pubstone - Belgium	736	291,908	> 15	292	7.8 %	19,798	8.5 %
Pubstone - The Netherlands	226	44,822	> 15	142	3.8 %	10,036	4.3 %
Cofinimur I	271	58,314	> 15	127	3.4 %	7,913	3.4 %
Other	3	15,830	8	29	0.8 %	1,906	0.8 %
TOTAL	**1,489**	**1,921,702**	**13**	**3,728**	**100 %**	**232,379**	**100 %**

Management of financial resources

Cofinimmo's financial strategy is characterised by the diversification of its financing sources, regular access to the capital markets, a debt ratio close to 45 % and optimisation of the duration and cost of financing (see the 'Strategy' chapter of this Report).

Its debt and confirmed lines of credit are not subject to any early refinancing clauses, or changes in margin, related to its financial rating. They are generally subject to conditions related to:

- compliance with RREC legislation;
- compliance with debt ratio levels and cash flow hedging of financial charges;
- the fair value of the real estate portfolio.

At 31.12.2018 and throughout the 2018 financial year the ratios were met. In addition, no payment defaults on the loan contracts, nor violations of the terms and conditions of these same contracts are expected in the coming 12 months.

Financing transactions in 2018

Cofinimmo continued to strengthen its financial resources and balance sheet structure in 2018. The financing transactions over the financial year enabled the Group to further diversify its financing sources, reduce the cost of its debt and maintain maturities.

Care centre for people suffering from mental disorders - Alphen aan den Rijn (NL)

Extension of the commercial paper programme

On 26.01.2018, Cofinimmo increased the maximum amount of its commercial paper programme from 500 million EUR to 650 million EUR. The amount invested as at 31.12.2018 amounted to approximately 628.5 million EUR.

Capital increase with irrevocable allocation rights in the amount of 155 million EUR

On 20.06.2018, Cofinimmo launched a capital increase with irrevocable allocation rights in the amount of 155 million EUR, with the aim of financing the 2018 committed investment pipeline and undergoing due diligence, while maintaining a debt ratio of around 45 %.

The subscription price of one new share was set at 94.50 EUR, representing a 10 % reduction compared to the theoretical price (after ex-date of the coupon representing the irrevocable allocation right and of the coupon representing the pro rata temporis 2018 dividend). The exchange ratio was 13 irrevocable allocation rights against 1 new share.

At the end of the subscription period for the holders of irrevocable allocation rights, 80.41 % of the maximum amount of the offering had been subscribed. Unexercised irrevocable allocation rights, converted to scrips, were placed with institutional investors the following day. The offering was fully subscribed during this placement, without a discount compared to the closing market price of the preceding day (103.50 EUR).

Therefore, on 02.07.2018, Cofinimmo issued 1,642,374 new shares at a subscription price of 94.50 EUR, or approximately 155 million EUR. These new shares were immediately listed for trading and give entitlement to a pro rata temporis dividend as from 02.07.2018.

Renewal of credit lines

The following lines of credit were renewed (early refinancing) in 2018:

- a 40 million EUR credit line at a floating rate for seven years;
- a 20 million EUR credit line at a floating rate for seven years;
- a 50 million EUR credit line at a floating rate for five years;
- a 50 million EUR credit line at a floating rate for six years.

In addition, Cofinimmo has entered into the following new lines of credit:

- a 120 million EUR credit line at a floating rate for eight years;
- a 25 million EUR credit line at a floating rate for ten years.

Early refinancing and additional lines of credit therefore amounted to more than 300 million EUR in the 2018 financial year.

Interest rate swaps

Cofinimmo seized the opportunity, in an environment of low but volatile rates, to modify its hedge portfolio at the end of the last quarter of 2018.

Some IRS for 2019 have been shifted and extended, increasing the coverage of floating rate debt in future years. Caps (interest rate options with a maximum level of 0 % for this transaction) were subscribed in order to maintain the same level of coverage in 2019.

These different operations result in:

- a decrease in the cost of hedging for 2019, for an unchanged notional amount;
- an increase in the notional amount hedged of 195 million EUR in 2020, 195 million EUR in 2021, 100 million EUR in 2022, 250 million EUR in 2023, 250 million EUR in 2024.

Currency risk hedging

On 15.02.2018, the Cofinimmo Group cancelled two foreign exchange put options into euro that it had contracted in 2016. The purpose of the hedge, namely the sale of a building in a foreign currency, had been unlikely to occur before the expiry of the hedge due to steps being taken to register the said building on a list of protected buildings. Cofinimmo therefore wished to take advantage of the prevailing market conditions to cancel the options contracted on favourable terms. Given that the premiums relating to these options were largely accounted for during the 2016 and 2017 financial years, these cancellations generated a profit in the income statements during the first half of 2018.

Debt structure

Consolidated financial debts

At 31.12.2018, the Group's current and non-current consolidated financial debt was 1,625.4 million EUR. It consisted of the following:

Bond market

• 406.7 million EUR for three non-convertible bonds (accrued interest not yet due):

Issuing company	Nominal amount (x 1,000,000 EUR)	Issue price	Coupon	Issue date	Maturity date
Cofinimmo SA/NV	140.0	100 %	3.598 %	26.07.2012	07.02.2020
Cofinimmo SA/NV	190.0	100 %	1.929 %	25.03.2015	25.03.2022
Cofinimmo SA/NV	70.0	99.609 %	1.700 %	26.10.2016	26.10.2026

• 55,0 million EUR in non-convertible 'Green and Social Bonds' (accrued interest not yet due):

Issuing company	Nominal amount (x 1,000,000 EUR)	Issue price	Coupon	Issue date	Maturity date
Cofinimmo SA/NV	55.0	99.941 %	2.00 %	09.12.2016	09.12.2024

• 215.8 million EUR for a bond convertible into Cofinimmo shares (accrued interest not yet due):

Issuing company	Nominal amount (x 1,000,000 EUR)	Issue price	Conversion price	Coupon	Issue date	Maturity date
Cofinimmo SA/NV	219.3	100 %	140.1072	0.1875 %	15.09.2016	15.09.2021

The convertible bonds are valued at market value on the balance sheet.

• 628.5 million EUR in commercial paper, of which 572.5 million EUR with an initial maturity of less than one year and 56.0 million EUR with an initial maturity longer than three years;

• 2.8 million EUR corresponding to the present value of the minimum coupon of Mandatory Convertible Bonds (MCB) issued by Cofinimur I in December 2011.

Bank facilities

• 309.1 million EUR in bilateral, syndicated medium- and long-term bank loans, with an initial maturity of five to ten years, contracted with ten banks;

• 7.5 million EUR in other loans, advances and rental deposits received.

Current financial debt

As at 31.12.2018, Cofinimmo's current financial debt was 613.1 million EUR, of which:

• 572.5 million EUR in commercial paper with a maturity of less than one year, of which 104.0 million EUR with a maturity longer than three months. Short-term commercial paper issues are fully hedged by liquidity on confirmed long-term lines of credit. Cofinimmo benefits from the attractive cost of this type of short-term financing programme while ensuring its refinancing in the event that the placement of new commercial paper becomes more costly or unworkable.

• 40.0 million EUR for drawdowns on credit lines maturing in 2019;

• 0.6 million EUR in other loans.

The liquidity of the Group's confirmed lines of credit was 1,071.0 million EUR at 31.12.2018.

Excluding the hedging of commercial paper issues, Cofinimmo has 498.5 million EUR of excess cash to finance its activity.

Consolidated debt ratios

Cofinimmo met all financial debt ratio limits as at 31.12.2018. Its regulatory debt ratio (calculated in accordance with the RREC regulation as: Financial and other debt / Total assets) stands at 43.0 % (compared to 43.8 % at 31.12.2017). Note that the legal limit for RRECs is 65 %.

The Loan-to-Value ratio (defined as: Net financial debt / Fair value of assets and finance lease receivables) stood at 42.2 % as at 31.12.2018 (versus 43.4 % at 31.12.2017).

When Cofinimmo's credit agreements refer to a debt limit, they refer to the regulatory ratio and cap it at 60 %.

Debt maturity

The weighted average maturity of the financial commitments was maintained at four years between 31.12.2017 and 31.12.2018. The calculation excludes short-term commercial paper maturities which are entirely hedged by tranches available on long-term credit lines. It does not take into account the maturities for which refinancing is already in place.

Confirmed long-term loans (credit lines, bonds, commercial paper over one year and term loans), which totalled 2,110 million EUR as at 31.12.2018, will mature consistently through 2029. Maximum 26.6 % of the outstanding amount matures in a single year, in this case 2021.

Average costs of debt and interest rate hedging

The average cost of debt, including bank margins, was 1.9 % for the 2018 financial year, compared to 1.9 % for the 2017 financial year.

Cofinimmo has implemented partial hedging of its floating rate debt via the use of IRS and caps. Cofinimmo also has a policy aimed at securing interest rates over a period of at least three years for a proportion of 50 % to 100 % of projected debt. Given this context, the Group uses a global approach (macro hedging). As a result, it does not hedge each variable-rate line of credit individually.

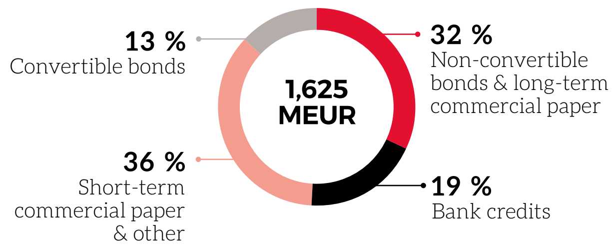
At 31.12.2018, the distribution of fixed-rate debt, of hedged floating-rate debt and of non-hedged floating-rate debt was as indicated in the opposite graph.

At 31.12.2018, the anticipated interest rate risk was hedged at over 79 % through 2021. However, Cofinimmo's result remains sensitive to changes in interest rates.

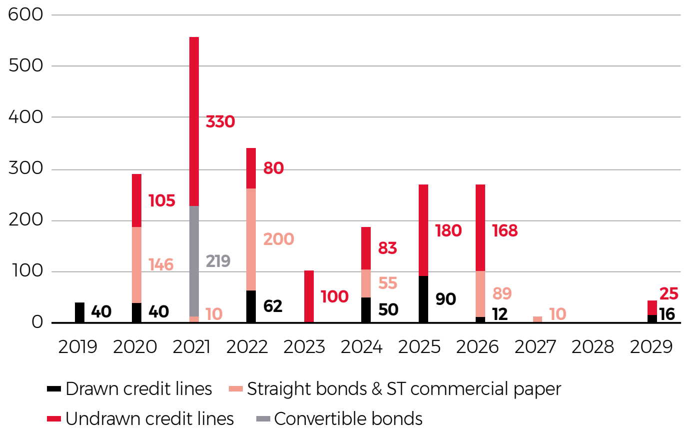
Financial rating

Cofinimmo has received a long- and short-term financial rating from the Standard Poor's rating agency since 2001. In 2018, Standard & Poor's confirmed the company's BBB/stable outlook rating for the long term and A-2 for the short term. The Group's liquidity is rated high, based on the significant liquidity available on its lines of credit.

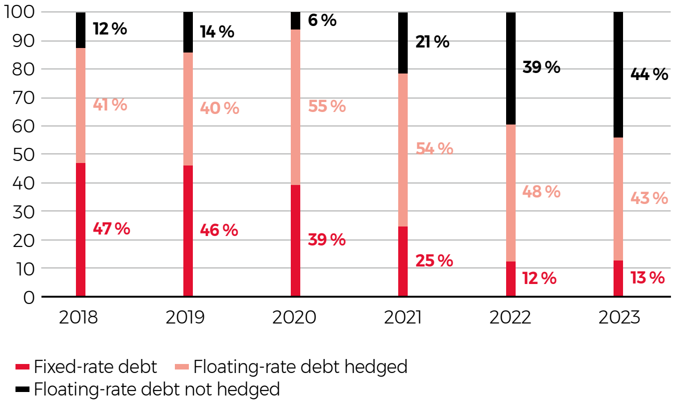
Composition of debt as at 31.12.2018



Schedule of long-term financial commitments as at 31.12.2018 (x 1,000,000 EUR)



Breakdown of fixed-rate debt, of floating-rate debt hedged and of floating rate debt not hedged as at 31.12.2018 - in %



Summary of consolidated results

Consolidated income statement – Analytical form

(x 1,000 EUR)	31.12.2018	31.12.2017
A. NET RESULT FROM CORE ACTIVITIES		
Rental income, net of rental-related expenses	211,273	203,862
Writeback of lease payments sold and discounted (non-cash item)	8,815	12,473
Taxes and charges on rented properties not recovered	-1,419	-1,432
Taxes on refurbishment not recovered	-4,472	-2,113
Redecoration costs, net of tenant compensation for damages	-2,468	-2,847
Property result	**211,729**	**209,943**
Technical costs	-6,421	-5,396
Commercial costs	-1,791	-1,583
Taxes and charges on unlet properties	-4,489	-5,128
Property result after direct property costs	**199,028**	**197,836**
Corporate management costs	-25,104	-25,789
Operating result (before result on the portfolio)	**173,923**	**172,047**
Financial income	8,958	5,594
Net interest charges	-30,307	-29,926
Other financial charges	-498	-626
Share in the net result from core activities of associated companies and joint ventures	463	466
Taxes	-2,806	-3,865
Net result from core activities	**149,734**	**143,690**
Minority interests related to the net result from core activities	-4,730	-4,600
Net result from core activities - Group share	**145,004**	**139,090**
B. RESULT ON FINANCIAL INSTRUMENTS		
Change in the fair value of hedging instruments	-4,467	13,040
Restructuring costs of financial instruments	1,454	-11,362
Share in the net result from core activities of associated companies and joint ventures	0	0
Result on financial instruments	**-3,013**	**1,678**
Minority interests related to the result on financial instruments	-339	-615
Result on financial instruments - Group share	**-3,353**	**1,063**
C. RESULT ON THE PORTFOLIO		
Gains or losses on disposals of investment properties and other non-financial assets	28,436	1,443
Changes in the fair value of investment properties	-6,259	10,261
Share in the result on the portfolio of associated companies and joint ventures	377	739
Other result on the portfolio	-17,823	-15,890
Result on the portfolio	**4,732**	**-3,447**
Minority interests regarding the result on the portfolio	-770	656
Result on the portfolio – Group share	**3,962**	**-2,791**
D. NET RESULT		
Net result	**151,452**	**141,921**
Minority interests	-5,839	-4,559
Net result – Group share	**145,613**	**137,362**

Number of shares

	31.12.2018	31.12.2017
Number of ordinary shares issued (including treasury shares)	22,311,112	20,667,381
Number of ordinary shares outstanding	22,270,765	20,625,209
Number of ordinary shares used to calculate the result per share	**22,270,765**	**20,625,209**
Number of preference shares issued	682,136	683,493
Number of preference shares outstanding	682,136	683,493
Number of preference shares used to calculate the result per share	**682,136**	**683,493**
Total number of shares issued (including treasury shares)	22,993,248	21,350,874
Total number of shares outstanding	22,952,901	21,308,702
Total number of shares used to calculate the result per share	**22,133,963**	**21,308,702**

Data per share[1] - Group share

(in EUR)	31.12.2018	31.12.2017
Net result from core activities	**6.55**	**6.53**
Result on financial instruments	-0.15	0.05
Result on the portfolio	0.18	-0.13
Net result	**6.58**	**6.45**

1 Ordinary and preference shares.

Comments on the consolidated income statement – Analytical form

Net rental income was 211 million EUR at 31.12.2018, compared to 204 million EUR at 31.12.2017 (+3.6 %). Rental income generated by the recent investments in healthcare real estate in Germany and the Netherlands, and by the Egmont I and II office buildings between the buyback date of the rent receivables and the signing date of the long-lease (2 million EUR, non-recurring element for the first quarter of 2018), largely offset the loss of revenue resulting from AXA Belgium, which vacated the Souverain/Vorst 23-25 site in August 2017. On a like-for-like basis, gross rental revenues increased by 1.5 % between 31.12.2017 and 31.12.2018: the positive effect of new leases (+2.7 %) and indexation (+1.4 %) largely compensated the negative impact of departures (-1.9 %) and renegotiations (-0.7 %).

The item **'Writeback of lease payments sold and discounted'** (non-cash item) decreased from 12 million EUR as at 31.12.2017 to 9 million EUR as at 31.12.2018. This change is primarily due to the buyback of the rent receivables on the Egmont I and II office buildings on 13.02.2018.

As for the direct operating costs:

- As a result of the operation of the Souverain/Vorst 23-25 site in August 2017, **taxes on refurbishment not recovered** increased by 2 million EUR compared to the previous financial year, which was taken into consideration in the first quarter of 2018.
- **Technical costs** were -6 million EUR as at 31.12.2018, compared to -5 million EUR as at 31.12.2017. These costs are not regularly exposed by nature during a financial year, or from one financial year to another. The amount in 2018 also covers the recovery (non-recurring element in the first quarter of 2018) of a total guarantee for the Souverain/Vorst 23-25 office buildings.
- Thanks to the increase in occupancy rate of the five office buildings acquired in 2016, and of the 'Gradient' building (Brussels Decentralised), **taxes and charges on unlet properties** decreased from 5 million EUR to 4 million EUR.

Financial income increased by 3 million EUR between 31.12.2017 and 31.12.2018. This increase is primarily due to adjustments (in the first quarter of 2018) for a maintenance provision relating to the Egmont I and II office buildings, which became superfluous since the signing of the long-lease on these buildings (non-recurring element). This provision had initially been booked under financial result, at the time of disposal of receivables in 2009.

Taxes were -3 million EUR as at 31.12.2018, compared to -4 million EUR as at 31.12.2017. This decrease is due to the positive effect of the decrease in Belgian corporate tax rates (29.58 % vs. 33.99 %) and movements in provisions.

The **net result from core activities - Group share** was 145 million EUR as at 31.12.2018, compared to 139 million EUR as at 31.12.2017. The net result from core activities - Group share was 6.55 EUR per share as at 31.12.2018, compared to 6.53 EUR per share as at 31.12.2017. It takes into account the number of shares entitled to share in the result, which increased from 21,308,702 in 2017 to 22,133,963 in 2018, primarily due to the effect (pro rata temporis) of the capital increase, which was launched on 20.06.2018 and was completed on 02.07.2018.

As for the result of financial instruments, the **'Change in the fair value of financial instruments'** item amounted to -4 million EUR as at 31.12.2018, compared to +13 million EUR as at 31.12.2017. This variation is due to a decrease in forward interest rates in the course of the 2018 financial year, and to the financial markets evolution over this period. The **'restructuring costs of the financial instruments'** represent a gain of 1 million EUR as at 31.12.2018, compared to a loss of 11 million EUR as at 31.12.2017. The 2018 figures reflect the positive impact of the cancellation (in the first quarter) of two foreign exchange put options into euro. The 2017 figures reflected the impact of recycling under the income statement of hedging instruments which relationship with the hedged risk was terminated.

As for the **result on the portfolio**, the **gains or losses on disposals of investment properties and other non-financial assets** is 28 million EUR as at 31.12.2018 and include primarily the net capital gain of 27 million EUR realised on the long-lease of the Egmont I and II buildings (non-recurring element of the first quarter). The **'Changes in the fair value of investment properties'** item is -6 million EUR as at 31.12.2018, due to the effect of scope inflows. Without the initial effect from the changes in the scope, the changes in the fair value of investment properties is positive (+0.3 %) for 2018. The item **'Other result on the portfolio'**, is -18 million EUR as at 31.12.2018 and comprises the effect of deferred taxes[1] and the impairment loss on the goodwill of 14 million EUR (16 million EUR as at 31.12.2017). Like in 2017, this is related to the Belgian subsidiary Pubstone SA/NV (owner of the portfolio of pubs and restaurants in Belgium), the Dutch subsidiary Pubstone Properties BV (owner of the portfolio of pubs and restaurants in The Netherlands) and the French subsidiary CIS SA (owner of the healthcare assets in France).

The net result - Group share amounted to 146 million EUR as at 31.12.2018, compared to 137 million EUR as at 31.12.2017, i.e. a +6 % increase. Per share, the figures were 6.58 EUR at 31.12.2018 and 6.45 EUR at 31.12.2017.

1 Deferred taxes on the unrealised capital gains relating to the buildings owned by certain subsidiaries.

Consolidated balance sheet

(x 1,000 EUR)	31.12.2018	31.12.2017
Non-current assets	**3,881,018**	**3,689,016**
Goodwill	71,556	85,156
Intangible assets	922	826
Investment properties	3,694,202	3,506,981
Other tangible assets	810	926
Non-current financial assets	9	871
Finance lease receivables	101,731	85,148
Trade receivables and other non-current assets	1,379	1,370
Deferred taxes	1,383	447
Participations in associated companies and joint ventures	9,026	7,290
Current assets	**140,449**	**93,566**
Assets held for sale	33,663	800
Finance lease receivables	1,915	1,826
Trade receivables	24,091	23,698
Tax receivables and other current assets	24,167	19,917
Cash and cash equivalents	27,177	22,532
Accrued charges and deferred income	29,436	24,793
TOTAL ASSETS	**4,021,466**	3,782,582
Shareholders' equity	**2,166,365**	1,986,440
Shareholders' equity attributable to shareholders of the parent company	**2,082,130**	**1,903,160**
Capital	1,230,014	1,141,904
Share premium account	584,901	520,655
Reserves	121,602	103,239
Net result of the financial year	145,613	137,362
Minority interests	84,234	83,280
Liabilities	**1,855,102**	1,796,142
Non-current liabilities	**1,140,333**	**1,222,857**
Provisions	22,447	25,886
Non-current financial debts	1,012,290	1,112,891
Other non-current financial liabilities	62,600	43,729
Deferred taxes	42,996	40,352
Current liabilities	**714,768**	**573,285**
Current financial debts	613,107	462,810
Other current financial liabilities	0	4,544
Trade debts and other current debts	88,292	81,362
Accrued charges and deferred income	13,370	24,569
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**4,021,466**	3,782,582

Comments on the consolidated balance sheet

The **investment value** of the property portfolio[1], as determined by the independent real estate experts, amounts to 3,890 million EUR as at 31.12.2018, compared with 3,654 million EUR as at 31.12.2017. The **fair value** included in the consolidated balance sheet, in application of the IAS 40 standard, is obtained by deducting the transaction costs from the investment value. As at 31.12.2018, the fair value reached 3,728 million EUR, compared to 3,508 million EUR as at 31.12.2017.

The item **'Participations in associated companies and joint ventures'** refers to Cofinimmo's 51 % stake in Cofinea I SAS (nursing and care homes in France) and its 50 % stake in the joint ventures BPG CONGRES SA/NV and BPG HOTEL SA/NV, created with CFE for the Neo II project. The item **'Minority interests'** includes the Mandatory Convertible Bonds issued by the Cofinimur I SA subsidiary (MAAF/GMF distribution network in France), and the minority interests of seven subsidiaries.

Net asset value per share[2]

(in EUR)	31.12.2018	31.12.2017
Net Asset Value per share		
Net Asset Value per share in fair value after dividend distribution for the 2017 financial year	90.71	83.76
Net Asset Value in investment value after distribution of the dividend for the 2017 financial year	95.42	88.10
Diluted Net Asset Value per share		
Diluted Net Asset Value per share in fair value after dividend distribution for the 2017 financial year	90.58	83.61
Diluted Net Asset Value per share in investment value after dividend distribution for the 2017 financial year	95.28	87.94

Comments on the net asset value per share

In accordance with applicable IAS/IFRS standards, the Mandatory Convertible Bonds (MCB) issued in 2011 and the convertible bonds issued in 2016 were not taken into account in calculating the net assets per share as at 31.12.2017 and 31.12.2018 because they would have had an accretive effect. On the other hand, 36,175 treasury shares of the stock option plan were included in the calculation of the abovementioned indicator in 2017 because they have a dilutive impact. Also, 34,350 treasury shares of the stock option plan were included in the calculation of the abovementioned indicator in 2018 because they have a dilutive impact.

1 Including buildings held for own use and development projects.
2 Ordinary and preference shares.

Summary of quarterly consolidated accounts[1]

Consolidated comprehensive result by quarter (income statement)

(x 1,000 EUR)	Q1 2018	Q2 2018	Q3 2018	Q4 2018	2018
A. NET RESULT					
Rents	53,625	51,919	55,140	55,757	216,441
Cost of rent-free periods	-717	-1,262	-1,003	-858	-3,839
Client incentives	-168	-118	-170	-163	-619
Indemnities for early termination of rental contracts	94	48	0	46	188
Writeback of lease payments sold and discounted	2,696	2,040	2,040	2,040	8,815
Rental-related expenses	-147	-131	-478	-141	-897
Net rental income	**55,383**	**52,496**	**55,529**	**56,681**	**220,088**
Recovery of property charges	-23	0	0	17	-6
Recovery income of charges and taxes normally payable by the tenant on let properties	26,723	5,250	5,043	4,638	41,653
Costs payable by the tenant and borne by the landlord on rental damage and redecoration at end of lease	-425	-336	-543	-1,158	-2,462
Charges and taxes normally payable by the tenant on let properties	-32,642	-5,222	-4,982	-4,698	-47,545
Property result	**49,016**	**52,188**	**55,047**	**55,479**	**211,729**
Technical costs	-947	-595	-1,953	-2,926	-6,421
Commercial costs	-530	-465	-308	-489	-1,791
Taxes and charges on unlet properties	-3,140	-474	-462	-413	-4,489
Property management costs	-5,312	-4,134	-3,710	-4,417	-17,573
Property charges	**-9,928**	**-5,669**	**-6,432**	**-8,246**	**-30,275**
Property operating result	**39,088**	**46,519**	**48,614**	**47,234**	**181,455**
Corporate management costs	-2,277	-1,772	-1,590	-1,893	-7,531
Operating result (before result on the portfolio)	**36,811**	**44,747**	**47,025**	**45,341**	**173,923**
Gains or losses on disposal of investment properties and other non financial assets	27,522	209	435	270	28,436
Changes in fair value of investment properties	4,072	829	5,386	-16,546	-6,259
Other result on the portfolio	-1,115	-930	-4,163	-11,942	-18,150
Operating result	**67,290**	**44,856**	**48,682**	**17,123**	**177,951**
Financial income	4,820	1,326	1,314	1,498	8,958
Net interest charges	-7,697	-7,515	-7,446	-7,649	-30,307
Other financial charges	-181	-151	-101	-65	-498
Changes in the fair value of financial assets and liabilities	4,333	-5,261	6,837	-8,923	-3,013
Financial result	**1,275**	**-11,601**	**605**	**-15,139**	**-24,860**
Share in the result of associated companies and joint ventures	119	275	341	105	841
Pre-tax result	**68,684**	**33,529**	**49,629**	**2,090**	**153,932**
Corporate tax	-1,552	-415	-978	139	-2,806
Exit tax	-1	270	-223	281	327
Taxes	**-1,553**	**-145**	**-1,201**	**419**	**-2,480**
Net result	**67,131**	**33,384**	**48,427**	**2,509**	**151,452**
Minority interests	-1,345	-1,584	-1,256	-1,655	-5,839
NET RESULT - GROUP SHARE	**65,786**	**31,800**	**47,172**	**855**	**145,613**

1 The Group did not publish any quarterly results information between 31.12.2018 and the date of the statement of the present report. The half-year and annual data is submitted to a control by the Auditor Deloitte, Reviseurs d'Entreprises/Bedrijfsrevisoren.

(x 1,000 EUR)	Q1 2018	Q2 2018	Q3 2018	Q4 2018	2018
NET RESULT FROM CORE ACTIVITIES - GROUP SHARE	**31,252**	**36,961**	**38,737**	**38,053**	**145,004**
RESULT ON FINANCIAL INSTRUMENTS - GROUP SHARE	**4,178**	**-5,418**	**6,810**	**-8,923**	**-3,353**
RESULT ON THE PORTFOLIO - GROUP SHARE	**30,356**	**257**	**1,624**	**- 28,275**	**3,962**
B. OTHER ELEMENTS OF THE COMPREHENSIVE RESULT RECYCLABLE UNDER THE INCOME STATEMENT					
Changes in the effective part of the fair value of authorised cash flow hedge instruments	0	0	0	0	0
Impact of the restructuring of the hedging instruments which relationship has been terminated	-578	0	0	0	-578
Share in the result on the portfolio of associated companies and joint ventures	20	21	21	1	63
Convertible bonds	0	0	0	300	300
Other elements of the comprehensive result	**-558**	**21**	**21**	**301**	**-215**
Minority interests	0	0	0	0	0
OTHER ELEMENTS OF THE COMPREHENSIVE RESULT - GROUP SHARE	**-558**	**21**	**21**	**301**	**-215**
C. COMPREHENSIVE RESULT					
Comprehensive result	**66,574**	**33,405**	**48,449**	**2,810**	**151,237**
Minority interests	-1,345	-1,584	-1,256	-1,655	-5,839
COMPREHENSIVE RESULT – GROUP SHARE	**65,229**	**31,821**	**47,193**	**1,156**	**145,398**

Consolidated balance sheet by quarter (statement)

(x 1,000 EUR)	31.03.2018	30.06.2018	30.09.2018	31.12.2018
Non-current assets	**3,602,687**	**3,803,982**	**3,889,430**	**3,881,018**
Goodwill	85,156	85,156	85,156	71,556
Intangible assets	895	963	919	922
Investment properties	3,419,606	3,622,347	3,690,182	3,694,202
Other tangible assets	946	953	880	810
Non-current financial assets	1,768	463	1,043	9
Finance lease receivables	85,128	84,867	101,449	101,731
Trade receivables and other non-current assets	1,373	1,374	1,337	1,379
Deferred taxes	385	525	768	1,383
Participations in associated companies and joint ventures	7,429	7,333	7,696	9,026
Current assets	**95,286**	**107,828**	**121,182**	**140,449**
Assets held for sale	800	800	800	33,663
Finance lease receivables	1,847	1,983	1,898	1,915
Trade receivables	23,488	25,038	23,003	24,091
Tax receivables and other current assets	9,787	13,548	29,308	24,167
Cash and cash equivalents	23,846	33,607	37,457	27,177
Accrued charges and deferred income	35,518	32,852	28,717	29,436
TOTAL ASSETS	**3,697,973**	**3,911,810**	**4,010,612**	**4,021,466**
Shareholders' equity	**2,052,949**	**1,964,525**	**2,165,079**	**2,166,365**
Shareholders' equity attributable to shareholders of the parent company	**1,968,307**	**1,880,619**	**2,080,599**	**2,082,130**
Capital	1,141,904	1,141,904	1,229,916	1,230,014
Share premium account	520,655	520,644	584,837	584,901
Reserves	239,962	120,485	121,087	121,602
Net result of the financial year	65,786	97,587	144,758	145,613
Minority interests	**84,642**	**83,905**	**84,480**	**84,234**
Liabilities	**1,645,024**	**1,947,285**	**1,845,533**	**1,855,102**
Non-current liabilities	**1,000,455**	**1,285,572**	**1,105,353**	**1,140,333**
Provisions	24,638	23,964	24,256	22,447
Non-current financial debts	930,161	1,172,796	991,400	1,012,290
Other non-current financial liabilities	4,443	47,059	46,570	62,600
Deferred taxes	41,213	41,753	43,127	42,996
Current liabilities	**644,569**	**661,713**	**740,180**	**714,768**
Current financial debts	498,416	542,818	623,581	613,107
Other current financial liabilities	40,687	276	0	0
Trade debts and other current debts	90,094	100,984	99,856	88,292
Accrued charges and deferred income	15,372	17,635	16,743	13,370
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**3,697,973**	**3,911,810**	**4,010,612**	**4,021,466**

Appropriation of statutory profits

The Board of Directors of the Cofinimmo Group will propose to the Ordinary General Shareholders' Meeting of 08.05.2019 to approve the annual accounts as at 31.12.2018, allocate the profits shown in the table, and allocate dividends of:

- 5.50 EUR gross, or 3.85 EUR net per ordinary share;
- 6.37 EUR gross, or 4.459 EUR net per preference share.

The ordinary dividend will be distributed over two coupons: coupon no. 33, estimated at 2.74 EUR, which went ex-date on on 20.06.2018, and coupon no. 34, estimated at 2.76 EUR, which has not yet gone ex-date. Both coupons will be paid concurrently as from 15.05.2019.

The dates and payment methods of the dividends are provided in the shareholder agenda (see page 114).

The withholding tax is 30 %.

5.50 EUR
Gross dividend per ordinary share proposed for the 2018 financial year

83.9 %
Pay-out ratio proposed for the 2018 financial year

As at 31.12.2018, the Cofinimmo Group held 40,347 treasury shares. The Board of Directors is proposing to suspend the right to a dividend for the 2018 financial year for 34,350 ordinary treasury shares as part of its stock option plan and to cancel the right to a dividend for the remaining 5,997 treasury shares.

The remuneration of the capital is based on the number of ordinary and preference shares outstanding on 31.12.2018. Potential conversions of preference shares into ordinary shares during the conversion period from 22.03.2019 to 31.03.2019, the conversion of convertible bonds into ordinary shares and all sales of ordinary shares held by the Group can modify the remuneration of the capital.

After the remuneration of the capital of 122.7 million EUR proposed for the 2018 financial year, the total amount of reserves and the statutory result of Cofinimmo SA/NV will be 63 million EUR, whereas the amount remaining for distribution according to the rule defined in Article 617 of the Company Code will reach 121.4 million EUR (see the 'Statutory accounts' chapter in this report).

The consolidated net result from core activities - Group share for 2018 was 145 million EUR and the consolidated net result - Group share was 146 million EUR. The pay-out ratio on the consolidated net result from core activities amounts to 83.9 % compared to 84.2 % in 2017.

Appropriations and deductions

(x 1,000 EUR)	2018	2017
A. Net result	**145,186**	**121,056**
B. Transfer from/to reserves	**-22,452**	**-2,851**
Transfer to the reserve of the positive balance of changes in the fair value of investment properties	**11,333**	**-20,975**
Financial year	11,333	-20,125
Previous years	0	-850
Transfer to the reserve of the negative balance of changes in the fair value of investment properties	**-20,819**	**8,378**
Financial year	-20,819	8,357
Previous years	0	21
Transfer to the reserve of the estimated transaction costs and rights resulting from the hypothetical disposal of investment properties	**444**	**2,292**
Transfer to the reserve of the balance of the changes in fair value of authorised hedging instruments qualifying for hedge accounting	**0**	**2,670**
Financial year	0	2,507
Previous years	0	163
Transfer to the reserve of the balance of the changes in fair value of authorised cash flow hedging instruments not qualifying for hedge accounting	**6,292**	**-8,330**
Financial year	6,292	-8,330
Previous years	0	0
Transfer from/to other reserves	**84**	**-199**
Transfer from the result carried forward of previous years	**-19,785**	**13,313**
C. Remuneration of the capital	**-84,170**	**-43,640**
Remuneration of the capital provided for in Article 13, § 1, paragraph 1 of the Royal Decree of 13.07.2014	-84,170	-43,640
D. Remuneration for financial year other than capital remuneration	**-38,564**	**-74,565**
Dividends	-38,162	-74,153
Profit-sharing scheme	-402	-412
E. Result to be carried forward	**198,844**	**171,258**

Events after 31.12.2018

Sale of an assisted living facility in Oud-Turnhout (Belgium)

On 10.01.2019, Cofinimmo sold the assisted living facility adjacent to the "t Smeedeshof' nursing and care home for 16 million EUR, which is slightly higher than the last fair value (as at 31.12.2018) determined by Cofinimmo's independent evaluator.

Signing of hedging instruments

In January and February 2019, Cofinimmo concluded three new IRS of 150 million EUR for 2022, 100 million EUR for 2023 and 50 million EUR for 2024.

Delivery of the construction works of a care centre for people suffering from mental disorders in Gorinchem (the Netherlands)

The construction works of the care centre for people suffering from mental disorders in Gorinchem, in the province of Zuid-Holland, were delivered on 01.02.2019, as planned.

Care centre for people suffering from mental disorders - Gorinchem (NL)

Acquisition of a nursing and care home in Velp (the Netherlands)

Beginning of February 2019, Cofinimmo acquired, via its subsidiary Superstone NV, the 'Kastanjehof' nursing and care home for approximately 4 million EUR. The building is leased to 'Stichting Attent Zorg en Behandeling', with whom Cofinimmo has signed a 'double net' lease for a residual term of nine years. The rent will be indexed annually in accordance with the Dutch consumer price index. The gross rental yield amounts to approximatively 5.5 %.

Signing of a 15-year agreement for the Quartz redevelopment project

On 20.02.2019, Cofinimmo signed an agreement with the European Free Trade Association (EFTA), the EFTA Surveillance Authority (ESA) and the Financial Mechanism Office (FMO) whereby these institutions will become usufructuaries of the whole Quartz office building. The agreement will commence following delivery of the works, scheduled in the course of 2020, and has a term of 15 years. Quartz will offer nearly 9,200 m² of modern and modular offices. Cofinimmo is aiming for a BREEAM 'Excellent' certificate (already obtained for the Design phase). The building will comply not only with the 2015 energy regulations, but also with additional high demands in terms of quality and sustainability set forth by Cofinimmo for its construction, renovation and redevelopment projects. The budget of the works is estimated at 24 million EUR.

Kastanjehof nursing and care home - Velp (NL)

Quartz office building - Brussels CBD (BE)

2019 outlook

Assumptions - internal factors

Asset valuation

The fair value of the real estate portfolio included in the projected consolidated balance sheet as at 31.12.2019 corresponds to the fair value of the overall portfolio as at 31.12.2018, plus the large-scale renovation expenses and investments planned for 2019.

Maintenance, repairs and large-scale renovations

The projections, produced per building, include maintenance and repair costs which are entered as operating expenses. They also include large-scale renovations which are capitalised and covered by self-financing or debt. These expenses are included in the investments and disinvestments below.

Investments and divestments

The following elements are taken into account in the 2019 outlook (see graph on page the following page):

- investments in healthcare real estate in Belgium, France, the Netherlands, and Germany for an amount of 124 million EUR, resulting from the construction of new units or the extension of existing units to which the Cofinimmo Group is legally committed (30 million EUR in investment properties and 5 million EUR in finance lease receivables), in addition to new investments (under due diligence for 39 million EUR and hypothetical for 50 million EUR);
- sale of three healthcare real estate sites in Belgium, France and the Netherlands for 28 million EUR;
- investments in offices for 48 million EUR, resulting from major renovation costs for 28 million EUR (of which 18 million EUR for the redevelopment of the Quartz building) to which the Cofinimmo Group is legally committed, and new investments under due diligence for 20 million EUR;
- sale of several office buildings for 28 million EUR;
- investments in property of distribution networks in Belgium and the Netherlands for 4 million EUR resulting from large-scale renovation works on pubs and restaurants in the Pubstone portfolio;
- sale of pubs and restaurants for an amount of 4 million EUR.

The future projects are detailed on page 36 for healthcare real estate, page 49 for property of distribution networks and page 57 for offices.

Rents

The rent projections take into account assumptions about tenant departures for each lease contract, analysed case-by-case. The contracts in effect are indexed.

The projections also include the cost of refurbishments, a period without tenants, rental charges and taxes on empty premises which are applicable in the event of tenant departure, as well as agent commissions to re-rent the premises. The rent projections are made for the current market, with no anticipated recovery or deterioration.

The property result also includes writebacks of lease payments sold and discounted for the gradual reconstitution of the full value of the buildings whose rents were sold.

A positive or negative change of 1 % in the occupancy rate of the office portfolio would lead to a cumulative increase or decrease in the net result from core activities per share and per year of 0.04 EUR.

Expenses

The technical charges are estimated for each building, according to the identified needs and the building's age. These charges should increase between 2018 and 2019 following the recent acquisitions in healthcare real estate in the Netherlands and Germany, where the maintenance obligations for the landlord are more important than in the other countries.

The corporate management costs are estimated per expenses type and take into account the Group's growth. A rebilling of the costs incurred for the establishment of a public-private partnership is scheduled at the time of signing the contracts with the procuring entity, at the expense of the joint ventures in the partnership.

The forecasted tax charge includes, on one hand, the estimation of the recurring tax charges per company, and on the other hand, an anticipation of the identified tax risks.

Assumptions - external factors

Inflation

The contracts in effect are indexed. The inflation rate used for rent increases is between 1.7 % and 2.5 % (external data) depending on the country, for leases indexed in 2019.

The sensitivity of the projections to variations in the inflation rate is low for the period considered. A positive or negative change of 50 basis points in the expected inflation rate would lead to an increase or decrease in the net result from core activities of 0.03 EUR per share.

Interest rates

The calculation of financial expenses is based on the future interest rate curve (external data) and the current financing contracts. Given the hedging instruments in place, the average interest rate (margins included) should remain under 2.0 % in 2019.

No assumptions for changes in the value of financial instruments due to variations in rates have been included in the 2019 outlook, either in the balance sheet or the income statements.

CAVEAT

The projected consolidated balance sheet and income statements are projections which depend, notably, on the evolution of the real estate and financial markets. They do not provide a guarantee and have not been certified by an auditor.

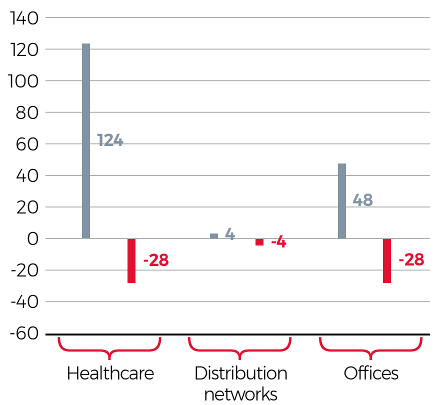
However, the Statutory Auditor, Deloitte Reviseurs d'Entreprises/ Bedrijfsrevisoren SC s.f.d. SCRL, represented by Mister Rik Neckebroeck, has confirmed that the forecasts have been appropriately established on the basis shown and that the accounting basis used to make the projections conforms to the accounting methods used by Cofinimmo Group for the preparation of its consolidated accounts which are established using accounting methods that comply with IFRS standards, as implemented by the Belgian Royal Decree of 13.07.2014.

If applicable, Cofinimmo will comply with Article 24 of the Royal Decree of 13.07.2014, which requires the creation of a financial plan with an implementation schedule describing the measures intended to ensure that the consolidated debt ratio does not exceed 65 % of consolidated assets, as soon as this rate exceeds the 50 % threshold. This plan must be sent to the FSMA (see also page 211).

6.74 EUR/share
Forecast of the 2019 net result from core activities – Group share

5.60 EUR/ ordinary share
Forecast of the 2019 gross dividend, payable in 2020

Refurbishment and investment programme for 2019 (x 1,000,000 EUR)



Consolidated outlook

Based on current expectations and the assumptions detailed above, and in the absence of any major unforeseen events, Cofinimmo expects to generate a rental income, net of rental expenses, of 221.7 million EUR, which leads to a net result from core activities - Group share of 154.6 million EUR, or 6.74 EUR per share for the 2019 financial year, a 2 % increase compared to the 2018 financial year (6.55 EUR per share).

Based on the same data and assumptions, the debt ratio would be around 46 % at 31.12.2019.

The future market value of the Group's buildings is uncertain. It would, therefore, be hazardous to venture a projection for the unrealised result on the portfolio. It will depend on market rent trends, changes in their capitalisation rates and the expected cost of building refurbishments. As a reminder, the net result from core activities - Group share does not include the result on financial instruments - Group share, nor the result on portfolio - Group share.

Changes in the Group's shareholders' equity will mainly depend on the net result from core activities, on the result of financial instruments, on the result on the portfolio, as well as on the allocation of dividends.

Dividend per share

The Board of Directors expects to propose to the shareholders a gross dividend per ordinary share of 5.60 EUR for the 2019 financial year, that is, a consolidated pay-out ratio of 83.1 %.

This dividend represents a gross yield of 5.2 % compared to the average market price of the ordinary share for the 2018 financial year and to a gross yield of 5.9 % compared to the net asset value of the share at 31.12.2018 (at fair value). These yields are significantly higher than the average for European property companies.

The proposal must comply with the requirements of Article 13 of the Royal Decree of 13.07.2014 in the sense that the amount of the dividend distributed must be higher than the required minimum of 80 % of Cofinimmo SA/NV's (non-consolidated) net profit projected for 2019. This article includes a waiver of the obligation to pay a dividend under certain circumstances. The Group will, nevertheless, exercise its option to distribute under these circumstances, within the limits provided by article 617 of the Company Code.

Statutory Auditor's report on the forecasts

Dear Sirs

Cofinimmo SA/NV

We report on the forecasted Net result from core activities - Group share of Cofinimmo SA/NV ("the Company") and its subsidiaries (together "the Group") for the 12 months period ending 31 December 2019 (the "Forecast"). The Forecast, and the material assumptions upon which it is based are set out on pages 84 and 85 of the Annual Financial Report 2018 ("the 2018 Annual Report of the Group") issued by the Company dated 11 March 2019. We do not report on the other elements of the projected consolidated income statement, on the projected consolidated balance sheet nor on the projected dividend as mentioned on pages 84 and 85 of the 2018 Annual Report of the Group.

This report is required by Annex I item 13.2 of the European Commission Regulation (EC) No 809/2004 (the "Prospectus Directive Regulation") and is given for the purpose of complying with that rule and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company (the "Directors") to prepare the Forecast in accordance with the requirements of the Prospectus Directive Regulation.

It is our responsibility to form an opinion, as required by the Prospectus Directive Regulation, as to the proper compilation of the Forecast and to report that opinion to you.

Save for any responsibility arising under art. 61 of the Law of 16 June 2006 to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in accordance with this report or our statement, required by and given solely for the purposes of complying with Annex I item 23.1 of the Prospectus Directive Regulation, consenting to its inclusion in the registration.

Basis of Preparation of the Forecast

The Forecast has been prepared on the basis of assessments stated on pages 84 and 85 of the 2018 Annual Report and is based on a projection for the 12 months to 31 December 2019. The Profit Forecast is required to be presented on a basis consistent with the accounting policies of the Group

Basis of opinion

We conducted our work in accordance with the International Standard on Assurance Engagement 3400 "The Examination of Prospective Financial Information" ("ISAE 3400") issued by the International Auditing and Assurance Standards Board ("IAASB"). Our work included evaluating the basis on which the historical financial information included in the Forecast has been prepared and considering whether the Forecast has been accurately computed based upon the disclosed assumptions and the accounting policies of the Group. Whilst the assumptions upon which the Forecast are based are solely the responsibility of the Directors, we considered whether anything came to our attention to indicate that any of the assumptions adopted by the Directors which, in our opinion, are necessary for a proper understanding of the Forecast have not been disclosed or if any material assumption made by the Directors appears to us to be unrealistic.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Forecast has been properly compiled on the basis stated.

Since the Forecast and the assumptions on which it is based relate to the future and may therefore be affected by unforeseen events, we can express no opinion as to whether the actual results reported will correspond to those shown in the Forecast and differences may be material.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside Belgium, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the Forecast has been properly compiled on the basis stated and the basis of accounting used is consistent with the accounting policies of the Group.

Declaration

For the purposes of art. 61 of the Law of 16 June 2006 we are responsible for this report as part of the registration document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the registration document in compliance with Annex I item 1.2 of the Prospectus Directive Regulation.

Yours faithfully

The statutory auditor

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises CVBA/SCRL
Represented by Rik Neckebroeck

Property report

Consolidated real estate portfolio

Overview of the real estate portfolio per sector as at 31.12.2018

Segment	Acquisition price (x 1,000,000 EUR)	Insured value[1] (x 1,000,000 EUR)	Fair value (x 1,000,000 EUR)	Gross rental yield	Estimated Rental Value (ERV)[2] (x 1,000)
Healthcare real estate	1,534	292	1,882	6.0 %	118,655
Offices	1,527	1,461	1,257	7.3 %	82,208
Property of distribution networks	518	30	561	6.3 %	35,812
Other	19	20	29	6.5 %	1,602
TOTAL	**3,597**	**1,803**	**3,728**	**6.5 %**	**238,277**

Overview of the top 10 investment properties as at 31.12.2018

Property	Address	Year of construction (last renovation)	Year of acquisition	Superstructure area (in m²)	Contractual rents (x 1,000 EUR)	Occupancy rate[3]	Share of consolidated portfolio at fair value
Belliard 40 Brussels	Rue Belliardstraat 40 1000 Brussels	2018	2000	20,323	3,526	70 %	2.9 %
The Gradient Brussels	Avenue de Tervueren/ Tervurenlaan 270-272 1150 Brussels	1976 (2013)	1997	19,579	3,519	91 %	1.5 %
Guimard 10-12 Brussels	Rue Guimardstraat 10-12 1000 Brussels	1980 (2015)	2004	10,410	2,527	100 %	1.3 %
Bourget 42 Brussels	Avenue du Bourgetlaan 42 1130 Brussels	2001	2002	25,746	3,800	84 %	1.3 %
Albert Ier 4 Charleroi	Rue Albert 1er 4 6000 Charleroi	1967 (2005)	2005	19,189	2,861	100 %	1.2 %
La Rasante Brussels	Rue Sombre/Donkerstraat 56 1200 Brussels	2004 (2012)	2007	7,196	2,655	100 %	1.2 %
Souverain/Vorst 23-25 Brussels	Boulevard du Souverain/ Vorstlaan 23-25 1170 Brussels	S25: 1970 S23: 1987	2000	56,891	-	0 %	1.2 %
Damiaan Tremelo	Pater Damiaanstraat 39 3120 Tremelo	2003 (2014)	2008	20,274	2,602	100 %	1.2 %
Meeûs 23 Brussels	Square de Meeûsplein 23 1000 Brussels	2010	2006	8,807	2,193	98 %	1.0 %
Georgin 2 Brussels	Avenue Jacques Georginlaan 2 1030 Brussels	2007	2007	17,439	3,257	100%	0.9 %
Other				1,715,847	205,439	96 %	86.2 %
TOTAL				**1,921,702**	**232,379**	**96 %**	**100 %**

1 Excluding for vacant buildings, this amount does not include the insurances taken during works, nor those that are borne by the occupant as stated in the contract (for healthcare assets in Belgium and in France, pubs of the Pubstone portfolio and some office buildings), nor those related to finance leases. This amount also does not include insurances related to buildings rent by the MAAF Group (first rank insurances on all properties in full ownership and second rank insurances on co-owned properties) and covered for their reconstruction value.

2 The estimated Rental Value takes into account the market data, the property's location, its quality and, for healthcare asset, the tenant's financial date (EBITDAR) (if available) and the number of beds.

3 The occupancy rate is calculate as follows: contractual rents divided by contractual rents + ERV (Estimated Rental Value) on unlet spaces.

The rental situation of buildings under finance lease, for which the tenants benefit from a purchase option at the end of the lease, is described hereunder:

Inventory of buildings excluding investment properties

Property	Super structure area (in m²)	Contractual rents[1] (x 1,000 EUR)	Occupancy rate	Tenant
Financial assets under finance leases				
Courthouse - Antwerp	72,132	1,382	100 %	Building Agency[2]
Fire station - Antwerp	23,323	200	100 %	City of Antwerp
Police station - HEKLA zone	3,800	672	100 %	Federal police
Student housing Depage - Brussels	3,196	86	100 %	ULB - Brussels University
Student housing Nelson Mandela - Brussels	8,088	1,210	100 %	ULB - Brussels University
Prison - Leuze-en-Hainaut	28,316	756	100 %	Building Agency[2]
Assets held in joint ventures				
EHPAD Les Musiciens - Paris	4,264	1,369	100 %	ORPEA

1 Part of the unsold lease payments, varying from 4 % to 100 % depending on the properties.
2 Belgian federal state

The table hereafter includes:

- properties for which Cofinimmo receives rents;
- properties with lease payments partially or entirely sold to a third party and of which Cofinimmo keeps the ownership and the residual value[1];
- different projects and renovations in progress.

It does not include the properties held by the Group's subsidiaries under equity consolidation.

All properties of the consolidated property portfolio are held by Cofinimmo SA/NV, except those asterisked, which are partially or entirely held by one of its subsidiaries (see Note 40).

Property	Year of construction (last renovation/ extension)	Super-structure area (in m²)	A Contractual rents (x 1,000 EUR)	C=A/B Occupancy rate[2]	B Rents + ERV on unlet premises (x 1,000 EUR)
HEALTHCARE REAL ESTATE		**894,996**	**116,721**	**100 %**	**116,843**
BELGIUM		**392,488**	**52,822**	**100 %**	**52,822**
Operator: Anima Care		**6,752**	**734**	**100 %**	**734**
ZEVENBRONNEN - WALSHOUTEM	2001 (2012)	6,752	734	100 %	734
Operator: Armonea		**199,051**	**24,592**	**100 %**	**24,592**
BINNENHOF - MERKSPLAS	2008	3,775	450	100 %	450
DAGERAAD - ANTWERP	2013	5,020	880	100 %	880
DE WYNGAERT - ROTSELAAR	2008 (2010)	6,878	808	100 %	808
DEN BREM - RIJKEVORSEL	2006 (2015)	5,408	728	100 %	728
DOMEIN WOMMELGHEEM - WOMMELGEM	2002	6,836	799	100 %	799
DOUCE QUIÉTUDE - AYE	2007	4,635	467	100 %	467
EUROSTER - MESSANCY	2004	6,392	1,238	100 %	1,238
HEIBERG - BEERSE	2006 (2011)	13,568	1,455	100 %	1,455
HEMELRIJK - MOL	2009	9,362	1,054	100 %	1,054
HENRI DUNANT - EVERE (BRUSSELS)	2014	8,570	1,232	100 %	1,232
HEYDEHOF - HOBOKEN	2009	2,751	366	100 %	366
HOF TER DENNEN - VOSSELAAR*	1982 (2008)	3,279	474	100 %	474
LA CLAIRIÈRE - WARNETON	1998	2,533	276	100 %	276
LAARSVELD - GEEL	2006 (2009)	5,591	885	100 %	885
LAARSVELD SERVICEFLATS - GEEL	2009	809	61	100 %	61
LAKENDAL - AALST*	2014	7,894	828	100 %	828
LE CASTEL - JETTE (BRUSSELS)	2005	5,893	511	100 %	511
LE MÉNIL - BRAINE-L'ALLEUD	1991	5,430	614	100 %	614
LES TROIS COURONNES - ESNEUX	2005	4,519	571	100 %	571
L'ORCHIDÉE - ITTRE	2003 (2013)	3,634	595	100 %	595
L'ORÉE DU BOIS - WARNETON	2004	5,387	598	100 %	598
MILLEGHEM - RANST	2009 (2016)	9,592	989	100 %	989
NIEUWE SEIGNEURIE - RUMBEKE*	2011 (2015)	5,079	775	100 %	775
NETHEHOF - BALEN	2004	6,471	658	100 %	658
NOORDDUIN - KOKSIJDE	2015	6,440	872	100 %	872
RÉSIDENCE DU PARC - BIEZ	1977 (2013)	12,039	676	100 %	676
SEBRECHTS - MOLENBEEK-SAIN-JEAN/ SINT-JANS-MOLENBEEK (BRUSSELS)	1992	8,148	1,100	100 %	1,100
'T SMEEDESHOF - OUD-TURNHOUT	2003 (2012)	15,191	1,992	100 %	1,992
TILLENS (formerly Suzanna Wesley) - UCCLE/UKKEL (BRUSSELS)	2015	4,960	1,082	100 %	1,082
VOGELZANG - HERENTALS	2009 (2010)	8,044	994	100 %	994
VONDELHOF - BOUTERSEM	2005 (2009)	4,923	565	100 %	565

1 The 'Contractual rents' section comprises the reconstitution of sold and discounted lease payments and, if applicable, the share of unsold lease payments (see Note 22).
2 The occupancy rate is calculated as follows: contractual rents/(contractual rents + Estimated Rental Value on unlet premises).

Property	Year of construction (last renovation/ extension)	Super-structure area (in m²)	A Contractual rents (x 1,000 EUR)	C=A/B Occupancy rate	B Rents + ERV on unlet premises (x 1,000 EUR)
Operator: Aspria		**7,196**	**2,655**	**100 %**	**2,655**
SOMBRE 56 - WOLUWÉ-SAINT-LAMBERT/SINT-LAMBRECHTS-WOLUWE (BRUSSELS)	2004 (2012)	7,196	2,655	100 %	2,655
Operator: Calidus		**6,063**	**762**	**100 %**	**762**
WEVERBOS - GENTBRUGGE	2011	6,063	762	100 %	762
Operator: Le Noble Age		**6,891**	**1,220**	**100 %**	**1,220**
PARKSIDE - LAEKEN/LAKEN (BRUSSELS)	1990 (2013)	6,891	1,220	100 %	1,220
Operator: ORPEA Belgium		**24,775**	**3,575**	**100 %**	**3,575**
L'ADRET - GOSSELIES	1980	4,800	479	100 %	479
LINTHOUT - SCHAERBEEK/SCHAARBEEK (BRUSSELS)	1992	2,837	471	100 %	471
LUCIE LAMBERT - BUIZINGEN	2004	8,314	1,504	100 %	1,504
RINSDELLE - ETTERBEEK (BRUSSELS)	2001	3,054	566	100 %	566
TOP SENIOR - TUBIZE/TUBEKE	1989	3,570	376	100 %	376
VIGNERON - RANSART	1989	2,200	180	100 %	180
Operator: Senior Living Group (Korian-Medica Group)		**133,727**	**17,955**	**100 %**	**17,955**
ARCUS - BERCHEM-SAINTE-AGATHE/SINT-AGATHA-BERCHEM (BRUSSELS)	2008 (2009)	10,719	1,846	100 %	1,846
BÉTHANIE - SAINT-SERVAIS	2005	4,780	505	100 %	505
DAMIAAN - TREMELO	2003 (2014)	20,274	2,602	100 %	2,602
LA CAMBRE - WATERMAEL-BOITSFORT/ WATERMAAL-BOSVOORDE (BRUSSELS)	1982	13,023	1,951	100 %	1,951
NOOTELAER - KEERBERGEN	1998 (2011)	2,028	226	100 %	226
PALOKE - MOLENBEEK-SAINT-JEAN/SINT-JANS-MOLENBEEK (BRUSSELS)	2001	11,262	1,351	100 %	1,351
PRINSENPARK - GENK	2006 (2013)	11,035	1,405	100 %	1,405
PROGRÈS - LA LOUVIÈRE*	2000	4,852	509	100 %	509
ROMANA - LAEKEN/LAKEN (BRUSSELS)	1995	4,375	890	100 %	890
SEIGNEURIE DU VAL - MOUSCRON/MOESKROEN	1995 (2008)	6,797	1,169	100 %	1,169
TEN PRINS - ANDERLECHT (BRUSSELS)	1972 (2011)	3,342	532	100 %	532
VAN ZANDE - MOLENBEEK-SAINT-JEAN/SINT-JANS-MOLENBEEK (BRUSSELS)	2008	3,463	421	100 %	421
ZONNETIJ - AARTSELAAR	2006 (2013)	7,817	838	100 %	838
ZONNEWEELDE - KEERBERGEN	1998 (2012)	6,106	772	100 %	772
ZONNEWEELDE - RIJMENAM	2002	9,644	1,453	100 %	1,453
ZONNEWENDE - AARTSELAAR	1978 (2013)	14,210	1,485	100 %	1,485
Operator: Vivalto		**8,033**	**1,329**	**100 %**	**1,329**
VIVALYS - BRUSSELS	1983 (2017)	8,033	1,329	100 %	1,329

Property	Year of construction (last renovation/ extension)	Super-structure area (in m²)	A Contractual rents (x 1,000 EUR)	C=A/B Occupancy rate	B Rents + ERV on unlet premises (x 1,000 EUR)
FRANCE		**211,564**	**25,915**	**100 %**	**25,915**
Operator: Colisée Patrimoine Group		**3,230**	**409**	**100 %**	**409**
CAUX DU LITTORAL - NÉVILLE*	1950 (2016)	3,230	409	100 %	409
Operator: Inicéa		**18,336**	**1,924**	**100 %**	**1,924**
CHAMPGAULT - ESVRES-SUR-INDRE*	1972 (1982)	2,200	169	100 %	169
DOMAINES DE VONTES - ESVRES-SUR-INDRE*	1967	6,352	215	100 %	215
HORIZON 33 - CAMBES*	1972 (2009)	3,288	355	100 %	355
PAYS DE SEINE - BOIS-LE-ROY*	2004 (2010)	6,496	1,185	100 %	1,185
Operator: Korian		**149,016**	**17,758**	**100 %**	**17,758**
ASTRÉE - SAINT-ETIENNE*	2006	3,936	425	100 %	425
AUTOMNE - REIMS*	1990	4,203	637	100 %	637
AUTOMNE - SARZEAU*	1994	2,482	436	100 %	436
AUTOMNE - VILLARS-LES-DOMBES*	1992	2,889	402	100 %	402
BROCELIANDE - CAEN*	2003	4,914	696	100 %	696
BRUYÈRES - LETRA*	2009	5,374	724	100 %	724
CANAL DE L'OURCQ - PARIS*	2004	4,550	890	100 %	890
CENTRE DE SOINS DE SUITE - SARTROUVILLE*	1960	3,546	365	100 %	365
CHATEAU DE LA VERNÈDE - CONQUES-SUR-ORBIEL*	1992 (1998)	3,789	505	100 %	505
DEBUSSY - CARNOUX-EN-PROVENCE*	1996	3,591	363	100 %	363
ESTRAIN - SIOUVILLE-HAGUE*	1976 (2004)	8,750	669	100 %	669
FRONTENAC - BRAM*	1990 (2014)	3,388	299	100 %	299
GLETEINS - JASSANS-RIOTTIER*	1990 (1994)	2,500	261	100 %	261
GRAND MAISON - L'UNION*	1992 (2009)	6,338	752	100 %	752
L'ERMITAGE - LOUVIER*	2007	4,013	468	100 %	468
LE CLOS DU MURIER - FONDETTES*	2008	4,510	568	100 %	568
LE JARDIN DES PLANTES - ROUEN*	2004	3,000	263	100 %	263
LES AMARANTES - TOURS*	1996	4,208	470	100 %	470
LES HAUTS D'ANDILLY - ANDILLY*	2008	3,069	484	100 %	484
LES HAUTS DE JARDY - VAUCRESSON*	2008	4,373	706	100 %	706
LES HAUTS DE L'ABBAYE - MONTIVILLIERS*	2008	4,572	515	100 %	515
LES JARDINS DE L'ANDELLE - PERRIERS-SUR-ANDELLE*	2009	3,348	436	100 %	436
LES LUBERONS - LE PUY-SAINTE-REPARADE*	1990 (2016)	6,414	671	100 %	671
LES OLIVIERS - LE PUY-SAINTE-REPARADE*	1990	4,130	464	100 %	464
MEUNIÈRES - LUNÈL*	1988	4,275	706	100 %	706
MONTPRIBAT - MONFORT-EN-CHALOSSE*	1972 (1999)	5,364	614	100 %	614
OLIVIERS - CANNES LA BOCCA*	2004	3,114	416	100 %	416
POMPIGNANE - MONTPELLIER*	1972	6,201	843	100 %	843
PONT - BÉZONS*	1988 (1999)	2,500	210	100 %	210
ROUGEMONT - LE MANS*	2006	5,986	408	100 %	408
SAINT GABRIEL - GRADIGNAN*	2008	6,274	750	100 %	750
VILLA EYRAS - HYÈRES*	1991	7,636	658	100 %	658
WILLIAM HARVEY - SAINT-MARTIN-D'AUBIGNY*	1989 (2016)	5,779	683	100 %	683

Property	Year of construction (last renovation/ extension)	Super-structure area (in m²)	A Contractual rents (x 1,000 EUR)	C=A/B Occupancy rate	B Rents + ERV on unlet premises (x 1,000 EUR)
Operator: Mutualité de la Vienne		**1,286**	**116**	**100 %**	**116**
LAC - MONCONTOUR*	1991	1,286	116	100 %	116
Operator: Philogeris		**4,698**	**364**	**100 %**	**364**
CUXAC - CUXAC-CABARDES*	1989	2,803	207	100 %	207
LAS PEYRÈRES - SIMORRE*	1969	1,895	157	100 %	157
Operator: ORPEA France		**34,998**	**5,345**	**100 %**	**5,345**
BELLOY - BELLOY*	1991 (2009)	2,559	455	100 %	455
HAUT CLUZEAU - CHASSENEUIL*	2007	2,512	403	100 %	403
HÉLIO MARIN - HYÈRES*	1975	12,957	1,762	100 %	1,762
LA JONCHÈRE - RUEIL-MALMAISON*	2007	3,731	776	100 %	776
LA RAVINE - LOUVIERS*	2000 (2010)	3,600	645	100 %	645
LA SALETTE - MARSEILLE*	1956	3,582	611	100 %	611
LE CLOS SAINT SÉBASTIEN - SAINT-SÉBASTIEN-SUR-LOIRE*	2005	3,697	562	100 %	562
VILLA NAPOLI - JURANÇON*	1950	2,360	131	100 %	131
THE NETHERLANDS		**98,014**	**13,760**	**99 %**	**13,881**
Assets directly leased to healthcare professionals		**22,106**	**3,210**	**97 %**	**3,548**
DODEWAARDLAAN 5-15 - TIEL*	2009	3,951	509	100 %	509
LEIDEN - LEIDEN*	2012	1,813	252	100 %	252
MOERGESTELSEWEG 22-26 - OISTERWIJK - VOORSTE STROOM*	2008	1,571	216	100 %	216
MOERGESTELSEWEG 32 - OISTERWIJK*	2007	1,768	287	100 %	287
MOERGESTELSEWEG 34 - OISTERWIJK*	2002	1,625	153	65 %	235
ORANJEPLEIN - GOIRLE*	2013	1,854	351	100 %	351
OOSTERSTRAAT 1 - BAARN*	1963 (2011)	1,423	207	100 %	207
PIUSHAVEN - TILBURG*	2011	2,257	441	100 %	441
TORENZICHT 26 - EEMNES*	2011	1,055	185	100 %	185
WATERLINIE - UITHOORN*	2013	3,223	609	97 %	628
ZOOMWIJCKPLEIN 9-13-15 - OUD BEIJERLAND*	2018	1,566	217	91 %	237
Operator: Bergman Clinics		**10,612**	**1,421**	**100 %**	**1,421**
BRAILLELAAN 5 - RIJSWIJK*	2013	2,133	247	100 %	247
RIJKSWEG 69 and 69A - NAARDEN*	2010	5,821	896	100 %	896
RUBENSSTRAAT 165-173 - EDE*	1991 (2014)	2,658	278	100 %	278
Operator: DC Klinieken		**3,152**	**439**	**100 %**	**439**
KRIMKADE 20 - VOORSCHOTEN*	1992	1,181	204	100 %	204
LOUIS ARMSTRONGWEG 28 - ALMERE*	2000	1,971	235	100 %	235
Operator: Domus Magnus		**3,342**	**1,009**	**100 %**	**1,009**
LAURIERSGRACHT - AMSTERDAM*	1968 (2010)	3,342	1,009	100 %	1,009
Operator: European Care Residences		**6,778**	**1,035**	**100 %**	**1,035**
KEIZERHOF - UTRECHT*	1968 (2009)	6,778	1,035	100 %	1,035
Operator: Fundis		**9,100**	**900**	**100 %**	**900**
VAN BEETHOVENLAAN 60 - ROTTERDAM*	1966 (1999)	9,100	900	100 %	900

Property	Year of construction (last renovation/ extension)	Super-structure area (in m²)	A Contractual rents (x 1,000 EUR)	C=A/B Occupancy rate	B Rents + ERV on unlet premises (x 1,000 EUR)
Operator: Gemiva		**3,967**	**538**	**100 %**	**538**
CASTORSTRAAT 1 - ALPHEN AAN DEN RIJN*	2016	3,967	538	100 %	538
Operator: Sevagram		**14,700**	**1,138**	**100 %**	**1,138**
DE PLATAAN - HEERLEN *	2017	14,700	1,138	100 %	1,138
Operator: Stichting Amphia			**738**	**100 %**	**738**
AMPHIA - BREDA*	2016		738	100 %	738
Operator: Stichting ASVZ		**1,686**	**208**	**100 %**	**208**
GANTELWEG - SLIEDRECHT*	2011	1,686	208	100 %	208
Operator: Stichting Gezondheidszorg Eindhoven (SGE)		**2,237**	**348**	**100 %**	**348**
STRIJP-Z - EINDHOVEN*	2015	2,237	348	100 %	348
Operator: Stichting JP van den Bent		**1,576**	**204**	**100 %**	**204**
HOF VAN ARKEL - TIEL*	2012	1,576	204	100 %	204
Operator: Stichting Leger des Heils		**1,181**	**95**	**100 %**	**95**
NIEUWE STATIONSTRAAT - EDE*	1985 (2008)	1,181	95	100 %	95
Operator: Stichting Martha Flora		**2,142**	**353**	**100 %**	**353**
KLOOSTERSTRAAT - BAVEL*	2017	2,142	353	100 %	353
Operator: Stichting Philadelphia Zorg		**4,883**	**426**	**100 %**	**426**
BARONIE 149-197 - ALPHEN AAN DEN RIJN*	2016	2,000	179	100 %	179
CHURCHILLAAN - LOPIK*	2015	2,883	246	100 %	246
Operator: Stichting Rijnstate		**3,591**	**420**	**100 %**	**420**
MARGA KLOMPELAAN 6 - ARNHEM*	1994	3,591	420	100 %	420
Operators: Stichting Sozorg & Martha Flora		**3,074**	**484**	**100 %**	**484**
DE RIDDERVELDEN - GOUDA*	2014	3,074	484	100 %	484
Operator: Stichting Zorggroep Noordwest-Veluwe		**3,887**	**577**	**100 %**	**577**
ARCADE NW - ERMELO *	2014	3,887	577	100 %	577
GERMANY		**192,930**	**24,225**	**100 %**	**24,225**
Operator: Alloheim		**6,289**	**540**	**100 %**	**540**
BACHSTELZENRING 3 – NIEBÜLL*	1997	6,289	540	100 %	540
Operator: Aspria		**18,836**	**4,625**	**100 %**	**4,625**
MASCHSEE CLUB - HANOVRE*	2009	11,036	2,434	100 %	2,434
UHLENHORST CLUB - HAMBURG*	2012	7,800	2,191	100 %	2,191
Operator: Azurit Rohr		**24,870**	**2,511**	**100 %**	**2,511**
DR. SCHEIDERSTRAßE 29 – RIESA*	2018	6,538	856	100 %	856
JOSEPH-KEHREIN-STRAßE 1-3 - MONTABAUR*	2003 (2015)	11,615	1,137	100 %	1,137
SENIORENZENTRUM BRÜHL - CHEMNITZ*	2007	6,717	517	100 %	517
Operator: Celenus (ORPEA Group)		**4,706**	**855**	**100 %**	**855**
NEXUS - BADEN-BADEN*	1896 (2005)	4,706	855	100 %	855

Property	Year of construction (last renovation/ extension)	Super-structure area (in m²)	A Contractual rents (x 1,000 EUR)	C=A/B Occupancy rate	B Rents + ERV on unlet premises (x 1,000 EUR)
Operator: Convivo		**7,294**	**890**	**100 %**	**890**
AM STEIN 20 - NEUSTADT/WESTERWALD*	2012	2,940	378	100 %	378
LANGE STRAßE 5-7 - LANGELSHEIM*	2004	4,354	512	100 %	512
Operator: Curanum (Korian Group)		**6,641**	**696**	**100 %**	**696**
TRINENKAMP 17 - GELSENKIRCHEN*	1998	6,641	696	100 %	696
Operator: Kaiser Karl Klinik (Eifelhöhen-Klinik Group)		**15,577**	**2,200**	**100 %**	**2,200**
KAISER KARL KLINIK - BONN*	1995 (2013)	15,577	2,200	100 %	2,200
Operator: M.E.D. Gesellschaft für Altenpflege		**4,602**	**560**	**100 %**	**560**
SENIORENRESIDENZ CALAU - CALAU*	2015	4,602	560	100 %	560
Operator: Mohring Gruppe		**9,913**	**897**	**100 %**	**897**
WESTSTRAßE 12-20 - BAD SASSENDORF*	1968 (2013)	9,913	897	100 %	897
Operator: Sozialkonzept (Korian Group)		**6,100**	**655**	**100 %**	**655**
AUF DER HUDE 60 - LÜNEBURG*	2004	6,100	655	100 %	655
Operator: Stella Vitalis		**88,102**	**9,797**	**100 %**	**9,797**
AM TANNENWALD 6 - SWISTTAL*	2018	5,081	594	100 %	594
BAHNHOFSTRAßE 10 - HAAN*	2010	5,656	740	100 %	740
BIRKSTRAßE 41 - LECK*	1999 (2000)	4,407	340	100 %	340
BRESLAUER STRAßE 2 - WEIL AM RHEIN*	2015	5,789	602	100 %	602
BRUNNENSTRAßE 6A - LUNDEN*	1999 (2002)	8,153	485	100 %	485
BUCHAUWEG 22 - SCHAFFLUND*	1998 (2004)	3,881	435	100 %	435
DORSTENER STRAßE 12 - BOCHUM*	2010	5,120	760	100 %	760
EPPMANNSWEG 76 - GELSENKIRCHEN*	2017	5,074	550	100 %	550
ESCHWEILER STRAßE 2 - ALSDORF*	2010	5,302	690	100 %	690
FÖRSTEREIWEG 6 - ASCHEFFEL*	1991 (1997)	4,925	351	100 %	351
JUPITERSTRAßE 28 - DUISBURG-WALSUM*	2007	4,420	641	100 %	641
KÖLNER STRAßE 54-56 - WEILERWIST*	2016	4,205	594	100 %	594
OSTERENDE 5 - VIÖL*	2002	3,099	261	100 %	261
OSTERFELD 3 - GOSLAR*	2014 (2015)	5,880	498	100 %	498
OSTRING 100 - BOTTROP*	2008	4,377	590	100 %	590
SEESTRAßE 28/30 - ERFSTADT*	2008	7,143	1,066	100 %	1,066
STAPELHOLMER PLATZ - FRIEDRICHSTADT*	2017	5,590	600	100 %	600

Property	Year of construction (last renovation/ extension)	Super-structure area (in m²)	A Contractual rents (x 1,000 EUR)	C=A/B Occupancy rate	B Rents + ERV on unlet premises (x 1,000 EUR)
OFFICES		**458,560**	**67,671**	**88 %**	**77,230**
Brussels Leopold & Louise districts		**105,528**	**21,358**	**91 %**	**23,471**
ARTS/KUNST 27*	1977 (2009)	3,734	911	97 %	937
ARTS/KUNST 46	1998	11,516	1,982	85 %	2,329
ARTS/KUNST 47-49	1977 (2009)	6,915	1,388	99 %	1,397
AUDERGHEM/OUDERGEM 22-28	2004	5,853	1,327	97 %	1,362
BELLIARD 40	2018	20,323	3,526	70 %	5,057
GUIMARD 10-12	1980 (2015)	10,410	2,527	100 %	2,533
LOI/WET 34*	2001	6,882	1,240	100 %	1,242
LOI/WET 57	2001	10,279	1,836	100 %	1,836
LOI/WET 227	1976 (2009)	5,915	1,433	95 %	1,507
MEEÛS 23	2010	8,807	2,193	98 %	2,227
MONTOYER 10	1976	6,205	1,222	99 %	1,231
SCIENCE/WETENSCHAP 41	1960 (2001)	2,932	589	96 %	613
TRÔNE/TROON 98	1986	5,757	1,184	99 %	1,200
Brussels Decentralised		**181,546**	**24,240**	**84 %**	**28,919**
BOURGET 42	2001	25,746	3,800	84 %	4,542
BOURGET 44	2001	14,085	2,409	99 %	2,428
BOURGET 50	1998	4,878	438	62 %	712
BRAND WHITLOCK 87-93	1991	6,216	851	84 %	1,012
COCKX 8-10 (Omega Court)*	2008	16,587	1,532	59 %	2,615
COLONEL BOURG/KOLONEL BOURG 105	1978 (2001)	2,634	247	81 %	306
COLONEL BOURG/KOLONEL BOURG 122	1988 (2006)	4,129	471	83 %	570
CORNER BUILDING	1996 (2011)	3,440	296	73 %	404
GEORGIN 2	2007	17,439	3,257	100 %	3,257
HERRMANN DEBROUX 44-46	1992	9,666	1,568	96 %	1,639
PAEPSEM BUSINESS PARK	1992	26,520	2,005	78 %	2,572
SOUVERAIN/VORST 36	1998	8,310	692	51 %	1,363
SOUVERAIN/VORST 280*	1989 (2005)	7,074	903	94 %	963
THE GRADIENT (formerly Tervuren 270-272)	1976 (2013)	19,579	3,519	91 %	3,878
WOLUWE 102	1985 (2009)	8,090	988	72 %	1,381
WOLUWE 58 (+ parking Saint-Lambert/Sint-Lambertus)	1986 (2001)	3,868	775	99 %	783
WOLUWE 62	1988 (1997)	3,285	489	99 %	494
Brussels Periphery		**78,775**	**8,572**	**81 %**	**10,625**
LEUVENSESTEENWEG 325	1975 (2006)	6,292	357	65 %	547
NOORDKUSTLAAN 16 A-B-C (West-End)	2009	10,022	1,630	94 %	1,729
PARK LANE	2000	36,569	4,249	82 %	5,198
PARK HILL*	2000	16,676	1,496	65 %	2,311
WOLUWELAAN 151	1997	9,216	840	100 %	840

Property	Year of construction (last renovation/ extension)	Super-structure area (in m²)	A Contractual rents (x 1,000 EUR)	C=A/B Occupancy rate	B Rents + ERV on unlet premises (x 1,000 EUR)
Brussels Satellites		**8,232**	**959**	**83 %**	**1,156**
WATERLOO OFFICE PARK I	1995 (2004)	2,360	312	85 %	366
WATERLOO OFFICE PARK J	1995 (2004)	2,360	300	93 %	323
WATERLOO OFFICE PARK L	1995 (2004)	3,512	347	74 %	466
Antwerp		**36,575**	**5,266**	**93 %**	**5,683**
AMCA - AVENUE BUILDING	2010	9,403	1,575	97 %	1,620
AMCA - LONDON TOWER	2010	3,530	588	97 %	607
GARDEN SQUARE	1989	7,464	954	97 %	980
PRINS BOUDEWIJNLAAN 41	1989	6,014	892	95 %	944
PRINS BOUDEWIJNLAAN 43	1980	6,007	686	72 %	952
VELDKANT 35	1998	4,157	570	98 %	580
Other regions		**47,904**	**7,277**	**99 %**	**7,376**
ALBERT I^{er} 4 - CHARLEROI	1967 (2005)	19,189	2,861	100 %	2,861
MECHELEN STATION - MALINES/MECHELEN	2002	28,715	4,416	98 %	4,515
OFFICE BUILDINGS WITH SOLD LEASE RECEIVABLES		**49,847**	**8,275**	**100 %**	**8,279**
Brussels Decentralised		**20,199**	**2,645**	**100 %**	**2,646**
COLONEL BOURG/KOLONEL BOURG 124*	1988 (2009)	4,137	326	100 %	327
EVEREGREEN	1992 (2006)	16,062	2,319	100 %	2,319
Brussels Leopold & Louise district		**26,188**	**4,792**	**100 %**	**4,795**
LOI/WET 56	2008	9,484	1,840	100 %	1,841
LUXEMBOURG/LUXEMBURG 40	2007	7,522	1,051	100 %	1,051
NERVIENS/NERVIËRS 105	1980 (2008)	9,182	1,795	100 %	1,795
MEEÛS 23 (+ parking)	2010		107	98 %	108
Other regions		**3,460**	**838**	**100 %**	**838**
MAIRE 19 - TOURNAI*	1997	3,460	838	100 %	838
PROPERTY OF DISTRIBUTION NETWORKS		**395,044**	**37,747**	**99 %**	**38,307**
Pubstone		**336,730**	**29,834**	**99 %**	**30,164**
Pubstone Belgium (752 buildings)*		**291,908**	**19,798**	**99 %**	**19,990**
Brussels		40,282	3,865	100 %	3,865
Flanders		182,537	11,743	99 %	11,829
Wallonia		69,089	4,190	98 %	4,296
Pubstone the Netherlands (232 buildings)*		**44,822**	**10,036**	**99 %**	**10,173**
MAAF (276 buildings)*		**58,314**	**7,913**	**97 %**	**8,143**

Property	Year of construction (last renovation/ extension)	Super-structure area (in m²)	A Contractual rents (x 1,000 EUR)	C=A/B Occupancy rate	B Rents + ERV on unlet premises (x 1,000 EUR)
OTHER		**15,830**	**1,906**	**100 %**	**1,906**
Antwerp Periphery		**61**	**8**	**100 %**	**8**
NOORDERPLAATS (AMCA)*	2010	61	8	100 %	8
Brussels Periphery		**6,124**	**557**	**100 %**	**557**
MERCURIUS 30	2001	6,124	557	100 %	557
Other regions		**9,645**	**1,341**	**100 %**	**1,341**
KROONVELDLAAN 30 - DENDERMONDE	2012	9,645	1,341	100 %	1,341
TOTAL INVESTMENT PROPERTIES AND WRITEBACK OF SOLD AND DISCOUNTED LEASE PAYMENTS		**1,814,277**	**232,321**	**96 %**	**242,566**
ASSETS HELD FOR SALE		**27,219**			
Belgium		**27,219**			
MOULIN À PAPIER/PAPIERMOLEN 55	1968 (2009)	3,499			
SERENITAS	1995	19,823			
SOUVERAIN/VORST 24	1997 (2016)	3,897			
HEALTHCARE RENOVATION PROJECTS					
The Netherlands					
WIJNKOPERSTRAAT 90-94 - GORINCHEM*					
OFFICE RENOVATION PROJECTS		**80,205**			
QUARTZ (formerly ARTS/LOI 19H)		9,052			
BOURGET 40*		14,262			
SOUVERAIN/VORST 23-25		56,891			
LAND RESERVE HEALTHCARE REAL ESTATE			**23**		**23**
L'ORÉE DU BOIS - WARNETON			23		23
LAND RESERVE OFFICES			**35**		**35**
Brussels Centre & North			**3**		**3**
DE LIGNE			3		3
MEIBOOM 16-18			0		0
Brussels Leopold & Louise districts			**23**		**23**
EGMONT I			14		14
EGMONT II			6		6
LOUISE/LOUIZA 140			0		0
MONTOYER 14			2		2
MONTOYER 40			0		0

Property	Year of construction (last renovation/ extension)	Super-structure area (in m²)	A Contractual rents (x 1,000 EUR)	C=A/B Occupancy rate	B Rents + ERV on unlet premises (x 1,000 EUR)
Brussels Decentralised			**5**		**5**
TWIN HOUSE			3		3
WOLUWE 34			2		2
Brussels Periphery			**0**		**0**
KEIBERG PARK			0		0
WOUWE GARDEN 26-30			0		0
Antwerp Periphery			**3**		**3**
PRINS BOUDEWIJNLAAN 24A			3		3
Antwerp Singel			**1**		**1**
QUINTEN			0		0
REGENT			0		0
ROYAL HOUSE			0		0
UITBREIDINGSTRAAT 2-8			1		1
UITBREIDINGSTRAAT 10-16			0		0
PORTFOLIO GRAND TOTAL		1,921,702	232,379		242,624

Independent evaluators' Report

Brussels, 18 February 2019

To the Board of Cofinimmo sa/nv

Re: Valuation as of 31 December 2018

Context

We have been engaged by Cofinimmo to value its real estate assets as of 31 December 2018 with a view to finalising its financial statements at that date.

Cushman & Wakefield (C&W), PwC Entreprise Advisory cvba/scrl (PwC) and JLL sprl/bvba have each separately valued a part of the portfolio of offices and other properties .

C&W and PwC have each separately valued part of the portfolio of nursing homes in Belgium. C&W and JLL France have each separately valued part of the portfolio of nursing homes and other care facilities in France.

The portfolio of clinics in The Netherlands has been valued by PwC Netherlands.

The healthcare portfolio in Germany is valued by PwC Germany.

The portfolios of pubs in Belgium and the Netherlands have been valued by C&W.

The portfolio of insurance agencies in France has been valued by C&W.

C&W, PwC and JLL have in-depth knowledge of the real estate markets in which Cofinimmo is active and have the necessary, recognised professional qualifications to perform this assessment. In conducting this assessment, they have acted with complete independence.

As is customary, our assignment has been carried out on the basis of information provided by Cofinimmo regarding tenancy schedules, charges and taxes borne by the landlord, works to be carried out and all other factors that could affect property values. We assume that the information provided is complete and accurate.Our valuation reports do not in any way constitute an assessment of the structural or technical quality of the buildings or an in-depth analysis of their energy efficiency or of the potential presence of harmful substances. This information is well known to Cofinimmo, which manages its properties in a professional way and performs technical and legal due diligence before acquiring each property.

1 Other properties: semi-industrial, retail, leisure and residential.

Healthcare real estate

The value of Cofinimmo's portfolio in the healthcare sector represented 50.5% of the total portfolio in 2018. Cofinimmo holds close to €1,882m in this sector spread over 4 countries distributed over 169 assets and 15,178 beds.

In Germany, there are 17.5 million elderly people over 65 years of age. This represents 28% of the population. In 2030, there will be 21.5 million representing 35% of the population. The peak of the curve will be reached by 2040 with 23.1 million representing 36% of the population. With one important nuance. The demand for care increases with age: 14% of the elderly between 75 and 85 require continued care; 40% of the elderly between 85 and 95; 66% above the age of 90. Overall, the portion of elderly German citizens who are care dependant amounts to 3.5% of the population i.e. 2.9 million.

The Federal Republic of Germany is composed of 16 States with their own healthcare legislation. Although the coordination and the fundamentals are identical at national level, there are differences at regional level to take into account. The market is highly regulated and the regional laws contain numerous distinct restrictions.

The demand for resthouses will significantly increase over the years to come. In 2016, approx. 8,000 new places in resthouses were made available. This remains below an average estimated demand between 12,000 and 20,000 new beds per year. Consequently, the gap between demand and offer continues to widen.

The investment volume for the first three first quarters of 2018 amounted to 1.75 billion euros, an increase of 137% over the same period last year. These record numbers mainly relate to portfolio transactions (75%). Foreign investors constitute the dominant players with 38%.

The prime yield continued to harden in 2018 reaching an historical floor at 4.75% which is still widely above prime yields for other asset classes like offices for instance.

In accordance with demographic changes, new legislations and also with new mandatory adjustments of existing resthouses, the Germans anticipate for their own national territory investments at the level of approx. 55 billion euros. Hence, a continued interest from investors is likely.

Belgium, also, is faced with an increasing and rapid ageing of its population. On January 1, 2018 Belgium recorded 11.38 millions inhabitants. Within this population, it is estimated that approximately 2.13 million people are above 65 years old. This represents 18.7% of the total population. By 2035, one reckons that this figure will reach 23.6%. At present, Belgium has 149,000 beds distributed over 1,490 resthouses. The number of beds has increased by 8% in five years.

The occupancy rate at approx. 96% is one of the highest in Europe. It is explained by a good balance between supply and demand and by a fairly strict regulatory environment (licenses). The price stability is a beneficial consequence. The occupancy rate is influenced on the one hand by a larger supply of resthouses, by more service flats, and by more home care (elderly people try to postpone their entrance into resthouses); on the other hand by shorter stays in resthouses (the average duration has dropped below 2 years).

The eagerness of investors for such type of real estate asset together with the historical low in interest rates generate high prices and low yields. Today, certain transactions are completed at yields below 5%.

In The Netherlands, there are 2 types of markets: the care sector (resthouses) and the cure sector (hospitals, health centres).

For the resthouses, the same trends as the one described above are perceived: the number of elderly people above 80 will double towards 2040: the number of elderly above 65 will then reach 4.7 million (27.5%). Morerover, the residential market suffers from a lack of supply, and returns on investments are under pressure. This market of the care sector offers attractive investment alternatives.

More than 60% of health centres are privately owned. Numerous centres wish to sell their real estate to free-up cash that they can invest in their core business. They are often willing to sign long-term leases. In addition, these centres are often built in a multipurpose manner in order to offer reconversion possibilities into offices or residential, in case the market would turn.

The office market

All the information below, which covers Belgium and Luxembourg, was obtained from the databases, analyses and market reports of Cushman & Wakefield.

The value of Cofinimmo's portfolio in the office sector amounts to 33.7% of the total portfolio.

The office market in Belgium closed the year 2018 with a total take-up of 714,000 m² (rental, extension, purchase for own occupation), a slight decrease compared to the activity levels observed in 2017 (758,000m²). While the Brussels office market saw a decrease in take-up levels, the Flemish region as well as the Walloon region recorded an increase in activity compared to 2017.

The Brussels office market (including the outskirts) registered a total take-up of 361,000 m² in 2018. This represents a 10% decrease compared to 2017. The lack of transactions of significant size contributed to this lower activity level. Only three transactions exceeded the 10,000 m² mark with the largest being the 18,000 m² letting by EEAS in the New Espace Orban (Leopold district). Next to the decrease in floor space take-up, only 337 transactions were registered in 2018, i.e. an 11% decrease compared to the number of deals in 2017. This represents one of the lowest number of transactions ever recorded.

The public sector (European Union, federal, regional and local Belgian administrative authorities) accounts for 53,000 m² of the total take-up of 2018, down from the 95,000 m² recorded in 2017 and representing a sharp decrease when compared to the levels observed in 2016 (174,000 m²). Conversely, co-working spaces gained a lot of attention in 2018 and contributed around 20% of the total office take-up in Brussels. In fact, compared to last year, the number of coworking transactions doubled and the take-up more than tripled. Today, approximately 1% of the total office stock in Brussels is currently dedicated to the coworking sector. This figure is now perfectly in line with the average of main European cities (excluding the UK).

Approximately 80,000 m² of new office supply was delivered in the Brussels market in 2018. Notable deliveries include the Belliard 40, PassPort, Montoyer 63, GreenHouse BXL and Treesquare. A further 583,000 m² of both committed and speculative office supply are currently under construction and should enter the market by 2021. Next to some large committed projects currently under construction, such as the Centre 58, the De Ligne, and the new HQ of BNP Paribas Fortis, about 360,000 m² have been launched speculatively. The most significant projects are the Manhattan Center, the Quatuor, the Phoenix, Gare Maritime, The One and the Spectrum. Nevertheless, from all these speculative projects, more than 145,000 m² have already been pre-let, meaning only 215,000 m² (including The One and the Quartz which are both currently under negotiation to be entirely let) could, potentially, still be available by 2021.

The vacancy rate in the Brussels office market continued its slow decrease, and fell to 7.98% at the end of 2018, its lowest level since 2001. Major differences appear depending on the neighbourhood: the CBD (the sub-markets of Léopold, Centre, North, Midi and Louise) registered a vacancy level of only 4.90%, whereas the Decentralised segment and the Periphery posted rates of 13.34% and 13.94% respectively. Another significant observation is that there are only 34,000 m² of available floor space in the most recent buildings (less than 5 years old). In 2019, however, the arrival of several speculative developments in the market could lead to a slight increase in the vacancy rate, in a context where relocations are always accompanied with more reduced space per workstation.

Office prime rents in Brussels increased before the end of the year to 315€/m²/year and are expected to remain stable throughout 2019. The scarce quality floor space available and the certainty of some landlords that they can get high rents have both contributed to the significant price increase observed in 2017 (from 275€ to 305€/m²/year) but also to the slight increase in 2018. Prime rental levels in the Leopold, Centre and North districts have increased to 315€, 275€ and 210€/m²/year respectively. Average rents in the Brussels office market are observed between 165€ and 170€/m²/year and are expected to remain at this level in the near future. Significant disparities can still be observed between the different districts in Brussels as prime rental levels vary from 145€ to 315€/m²/year. With buildings recently put on the market or expected to be delivered in the coming months, prime rents could further increase to reach 325€/m²/year by the end of 2021.

All sectors included, the investment volume in Belgium in 2018 amounted to approximately EUR 4.9bn, which is the best year since 2007. This volume was boosted by some significant transactions, both in the office and in the retail sectors, mainly during the first half of the year. The Belgian office market recorded an investment volume of €2.12 billion, wherefrom €1.9 billion in the Brussels office market. As a matter of fact, the Brussels office market had its best year in terms of investment volume in over a decade. This volume was attained mainly due to the large appetite coming from foreign investors (77% of the total investment volume). In broader terms, there is a perceptible interest in all types of office products, both buildings under long-term leases and what are known as "value-added" products, although the latter are more difficult to sell. It is worth noting that although the favourable cycle continues in the investment market, transactions take time and there is a real need to have all the necessary guarantees to reassure investors. This is especially true in a market where transactions of a substantial volume are still the exception currently.

Prime yields in the Brussels office market continue to come under pressure mainly due to the accommodative interest rates policy pursued by the European Central Bank and the competition between investors for the best assets. The prime yields for buildings with 6/9 leases compressed to 4.25% whereas those for long-term leases remained at 3.65% in 2018. Despite a potential rise in interest rates expected by the end of 2019 or the beginning of 2020, investors in search of returns on their investment, are going to continue to be active on the office investment market in Brussels.

Distribution network – Real estate (Pubstone & Cofinimur I)

Cofinimmo's share in distribution network real estate was estimated at 15.00% as at 31 December 2018. The subsidiaries (Pubstone for the restaurant/café sector in Belgium and the Netherlands, and Cofinimur I for the local agencies/shops sectors in France) have a highly diversified risk profile geographically as well as through their nature between commercial real estate and investment proprieties with possible redevelopment potential. The fair value of the properties held in the distribution network real estate segments is €561 million.

The economic climate has been improving continuously since 2013 with a stable GDP rate of ca. 1.5% per year, which has particularly boosted consumer confidence to its highest point since 2010. Recent indicators suggest that the Belgian economy stabilised in 2018, with an industrial production and private consumption remaining robust. But, consumer confidence and business confidence are now starting to fall as geopolitical instability is growing. As such, GDP growth is expected to witness a slowdown in 2019, around 1.4%, compared to 1.7% in 2017. In the longer term, the GDP growth is expected to stabilise again at 1.5% on a yearly basis. The favourable economic climate was a positive element for the distribution network sector which has suffered in the aftermath of the attacks of 22 March 2016 and the terrorist threat which remained at the highest level throughout 2017. Since mid-2017, the situation has enhanced continuously, and tourism activities are back at their pre-attack levels.

Past and future developments differ widely depending on the locations, with secondary cities and regions suffering more than the others. This applies to shops in general but to cafés and restaurants in particular. The decrease in customers in the country's secondary cities continued in 2018, entailing a rise in the number of empty commercial premises. On average, the vacancy rate in the retail sector stands to 10% in Belgium, varying from a low 2% to a huge 30% in some municipalities.

It is also worth noting that the new concepts geared to food and beverage have been gaining ground in recent months all over Europe and in Belgium as well. They could contribute to a renewed commercial impetus in certain well organized and busy thoroughfares in Belgium as well.

Arbitrage activities in this portfolio should consequently continue in the years to come, with Cofinimmo investments being characterised by a search for security (long-term leases with sole occupants, such as Ab INBEV, with a stable financial base), and relatively attractive rental levels and acquisition prices per m². Priority is given to sales transactions for less attractive properties and acquisition transactions for attractive properties. Moreover, some properties within the portfolio can also offer opportunities for sales "per unit" for local investors.

Opinion

We confirm that our valuation has been done in accordance with national and international practices and standards (International Valuation Standards issued by the International Valuation Standard Council and included in RICS Valuation – Professional Standards June 2018, the Red Book of the Royal Institute of Chartered Surveyors).

The Investment value (in the context of this valuation) is defined as the amount most likely to be obtained at normal conditions of sale between willing and well-informed parties, inclusive of transaction costs. The Investment value does not reflect the costs of future investments that could improve the property or the benefits associated with such costs.

Valuation methodology

The valuation methodology adopted is mainly based on the following methods:

Method of estimated rental value capitalisation (ERV capitalisation)

This method consists in capitalising the estimated rental value of the property by using a capitalisation rate ('yield') in line with the investment market. The choice of the capitalisation rate used is linked to the capitalisation rates applied in the real estate investment market, which takes into account the property location, the quality of the buildings and that of the tenant, and the quality and duration of the lease at the valuation date. The rate corresponds to the rate anticipated by potential investors at the valuation date. To determine the estimated rental value, one takes into account the market data, the location of the property and the quality of the building.

The resulting value must be adjusted if the passing rent generates operational income higher or lower than the estimated market value used for capitalisation. The valuation takes into consideration the charges that will need to be incurred in the near future.

Discounted cash flow method (DCF)

Under this method, it is required to assess the net rental income generated by the property on a yearly basis for a specific period and discounted at today's value. The projection period generally varies between 10 and 18 years. At the end of the period, a residual value is calculated using a capitalisation rate that takes into account the anticipated condition of the building at the end of the projection period, discounted at today's value.

Residual value method

The value of a project is determined by defining the development potential on site. This implies that the intended use of the project is known or foreseeable in a qualitative (planning) and quantitative manner (number of square metres that can be developed, future rents, etc.). The value is obtained by deducting the costs upon completion of the project from its anticipated value.

Approach By Market Comparables

This method is based on the principle that a potential purchaser will not pay more for the acquisition of a property than the price recently paid on the market for similar properties.

Transaction Costs

In theory, the disposal of properties is subject to a transfer tax charged by the Government and paid by the acquirer, which represent substantially all transaction costs. For properties situated in Belgium, the amount of this tax mainly depends on the mode of transfer, the capacity in which the acquirer acts and the property's location. The first two variables, and therefore the amount of tax payable, are only known once the sale is contracted. Based on a study from independent real estate experts dated 8 February 2006 and reviewed on 30/06/2018, the "average" transaction cost for properties over EUR 2,500,000 is assessed at 2.5%.

The fair value (as defined under IFRS 13 and by the BEAMA's (Belgian Asset Managers Association) press release of 8 February 2006 and reviewed on 30/06/2018) for properties over EUR 2,500,000 can therefore be obtained by deducting 2.5% of "average" transaction cost from their investment value. This 2.5% figure will be reviewed periodically and adjusted if on the institutional investment transaction market a change of at least +/- 0.5% in the effectively "average" transaction cost is observed.

For properties with an investment value under € 2,500,000 transfer taxes of 10% or 12.5% have been subtracted, depending on the region of Belgium where they are situated.

The transfer taxes on properties in France and the Netherlands have been deducted in full from their investment values to obtain their fair values.

Assets subject to a sale of receivables

Cofinimmo is owner of several buildings of which the rents have been sold in the past to a third party. The valuers have valued those properties as freehold (before sale of receivables). At the request of Cofinimmo , the values mentioned below represent for these buildings the freehold value net of the rents still due (residual value), as calculated by Cofinimmo. This calculation by Cofinimmo has not been analysed in depth by the valuers. In the forthcoming quarters, the residual value will evolve in such a way as to be, at the maturity of the sale of the receivables, equivalent to the freehold value.

Investment value and sale value (fair value)

Taking into account the three opinions, the investment value (transaction costs not deducted) of Cofinimmo's total real estate portfolio as of 31 December 2018 is estimated at EUR 3,889,792,000.

Taking into account the three opinions, the fair value, after the deduction of the "transaction" transfer costs, of Cofinimmo's total real estate portfolio as of 31 December 2018, corresponding to the fair investment value under IAS/IFRS, is estimated at EUR 3,727,865,000.

On this basis, the yield on rent, received or contracted, including from assets that form the object of an assignment of receivables, but excluding projects, land and buildings undergoing refurbishment, and after the application of imputed rent to the premises occupied by Cofinimmo, amounts to 6.20% of the investment value.

If the properties were to be let in full, the yield would increase to 6.47%. Investment properties have an occupancy rate of 95.8%.

The contractually passing rent and the estimated rental value on the empty spaces (excluding projects, buildings undergoing refurbishment and assets that form the object of an assignment of receivables) for let space plus the estimated rental value for vacant space is 1.8% above the estimated fair rental value for the whole portfolio at this date. This difference results mainly from the inflation indexation of contractual rents since the inception of the in-place leases.

The assets are broken down as follows:

	Investment value	Fair Value	% Fair Value
Healthcare	1,962,043,000	1,881,596,000	50.5 %
Offices	1,288,340,000	1,256 ,916,000	33.7 %
Property of distribution networks	610,083,000	560,742,000	15.0 %
Others	29,326,000	28,611,000	0.8 %
TOTAL	**3,889,792,000**	**3,727,865,000**	**100 %**

PwC opinion

The investment value of the part of Cofinimmo's real estate portfolio valued by PwC is estimated as of 31 December 2018 at EUR 1,440,656,000 and the fair value (after the deduction of the transaction costs) is estimated at EUR 1,389,646,000.

Jean-Paul DUCARME FRICS
Director (*) PwC

Ann SMOLDERS
Partner (**) PwC

(*) JP Ducarme Consulting sprl, represented by its permanent representative Jean-Paul Ducarme
(**) Ann Smolders sprl, represented by its permanent representative Ann Smolders

C&W Opinion

The investment value of the part of Cofinimmo's real estate portfolio valued by C&W is estimated as of 31 December 2018 at EUR 1,999,129,000 and the fair value (after deduction of transaction costs) at EUR 1,901,355,000.

Emeric Inghels, MRICS
C&W Director

JLL opinion

The investment value of the part of Cofinimmo's real estate portfolio valued by JLL in Belgium is estimated as of 31 December 2018 at EUR 450,007,000 and the fair value (after the deduction of transaction costs) is estimated at EUR 436,864,000.

Roderick Scrivener, FRICS
JLL Director

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Cofinimmo on the stock market

Cofinimmo offers four instruments listed on the stock market, each of which provides different risk, liquidity and yield profiles.

The ordinary share

Cofinimmo's ordinary share has been listed on Euronext Brussels (ticker: COFB) since 1994. As at 31.12.2018, Cofinimmo is the only listed real estate company on the BEL20 index. Cofinimmo's ordinary share is also listed on the Euronext 150 index, as well as on the EPRA Europe and GPR250 real estate indexes. As at 31.12.2018, Cofinimmo's market capitalisation calculated on the basis of ordinary shares was 2.4 billion EUR.

Stock market context

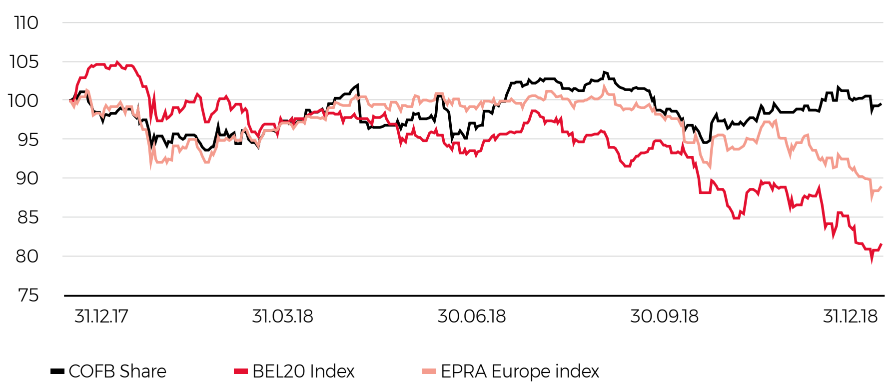
The year 2018 was marked by a decrease in volatility on the financial markets. During the first half of the year, the rise of protectionism and geopolitical relations interrupted the evolution of global stock markets. Budget discussions, uncertainties over the Brexit negotiations, trade discussions, the gradual tightening of monetary policies, and some signs of slowing global economic growth have all weighed on the financial markets in the world during the second half of the year. As a result, 2018 was marked by a significant decline in the majority of the world's financial markets. As an indication, the BEL20 index posted a negative performance of 18.5 % over the year, while the EPRA Europe index dropped by 11.2 %.

Share trend

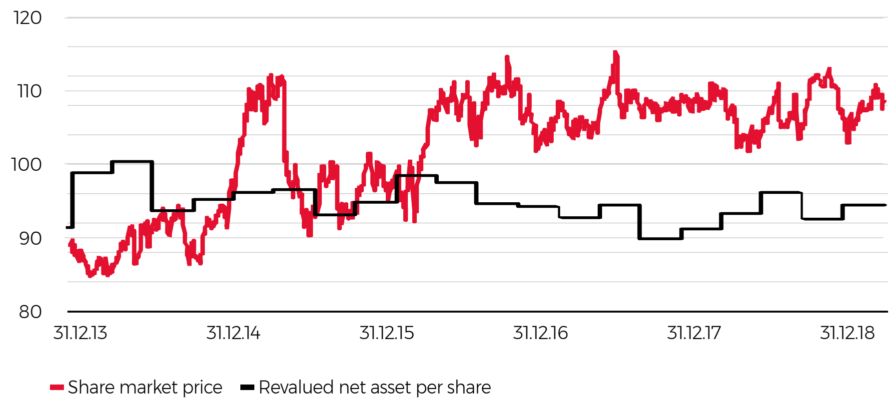
The first graph on the next page shows Cofinimmo's share performance in 2018 compared to the BEL20 and EPRA Europe indexes. The Cofinimmo share price fluctuated between 101.75 EUR and 113.00 EUR, with an annual average of 107.27 EUR. The closing price as at 31.12.2018 was 108.50 EUR, which is a stable share price compared to the closing price of the previous year, against the backdrop of a significant decline of global financial markets.

The second graph shows the Cofinimmo share price in relation to its net asset value (in fair value) over the past five years. The share traded at an average premium of 7.8 % over five years and at an average premium of 14.0 % in 2018.

MARKET PERFORMANCE (BASIS 100 AS AT 31.12.2017)



COMPARISON OF THE SHARE MARKET PRICE AND THE REVALUED NET ASSET PER SHARE (IN EUR)



14.0 %
Average premium of the ordinary share on the net asset value (in fair value)

Cofinimmo share liquidity

Cofinimmo continued its efforts to enhance the liquidity of its share in 2018. The company participated in around 20 roadshows and conferences throughout the year. Cofinimmo also invested in promotional campaigns to boost its image aimed at both institutional and retail investors.

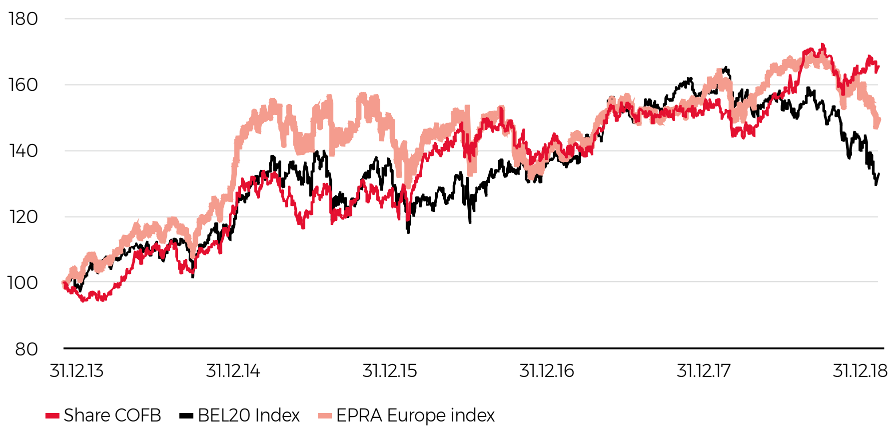
With a market capitalisation of ordinary shares of 2.4 billion EUR and an average daily volume of 4.1 million EUR, or just over 37 850 shares, Cofinimmo's liquidity level is sufficient to stay within the radar of major institutional investors.

Total return (in %)

The total return for shareholders is measured based on the change in the share price and includes the distribution of the dividend or any other distribution carried out or paid. Assuming the reinvestment of the 2017 dividend made available for payment in May 2018, the Cofinimmo share achieved a total return of 7.5 % over 2018.

The graph below illustrates the performance of the Cofinimmo share compared to the BEL20 and EPRA Europe indexes over the past five years, dividend yield included. During this period, the Cofinimmo share generated a total return of 65.3 %, i.e. an average annual return of 13.1 %. The BEL20 and EPRA indexes recorded total variations of 32.9 % and 49.3 %, respectively, which corresponds to average annual yields of 6.6 % and 9.9 %.

TOTAL RETURN (BASIS 100 AS AT 31.12.2013)



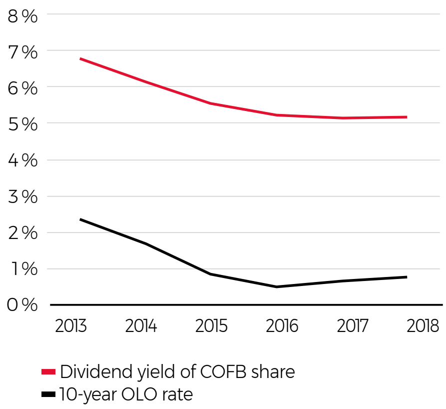
7.5 %
Total return of the ordinary share in 2018

Shareholders/investor profile

Cofinimmo has a large number of investors with diversified profiles. They include, on one hand, a broad base of institutional investors located primarily in Belgium, Germany, France, Luxembourg, the Netherlands, the United Kingdom, Switzerland, and North America, and on the other hand, retail investors, mainly located in Belgium.

As at 31.12.2018, two shareholders had exceeded the 5 % ownership threshold which required a transparency declaration. They were the American BlackRock investment fund and the French insurance group Crédit Agricole . They hold 5.54 % and 5.01 % of Cofinimmo's capital, respectively.

COMPARISON BETWEEN THE COFINIMMO DIVIDEND YIELD AND THE 10-YEAR OLO RATE (IN %)



Dividend

At the Ordinary General Shareholders' Meeting of 08.05.2019, the Board of Directors will propose a dividend[1] (distributed over two coupons) in line with the forecast published in the prospectus of the capital increase of 20.06.2018, i.e. 5.50 EUR gross per ordinary share. This dividend corresponds to a gross yield of 5.1 % compared to the average price of the ordinary share during the 2018 financial year (compared to a gross yield of 5.1 % in 2017).

The graph on this page shows the dividend yield of the Cofinimmo share compared to the Belgian government's 10-year borrowing rate (10-year OLO) over the past five years. Over the period, the Cofinimmo share provided an average yield on the dividend of 5.4 %, compared to an average 10-year OLO rate of 0.9 %.

ISIN BE0003593044	2018	2017	2016
Share price (in EUR)			
Highest	113.00	115.25	114.65
Lowest	101.75	103.40	92.12
At close	108.50	109.75	108.65
Average	107.27	107.82	105.77
Dividend yield[2]	**5.1 %**	**5.1 %**	**5.2 %**
Gross yield[3] (over 12 months)	**7.5 %**	**6.1 %**	**14.1 %**
Dividend[4]			
Gross	5.50[5]	5.50	5.50
Net	3.85[5]	3.85	3.85
Volume			
Average daily volume	37,867	33,670	46,619
Annual volume	9,618,185	8,585,830	12,027,768
Number of shares entitled to share in the consolidated results of the financial year	**22,311,112**	**20,667,381**	**20,345,637**
Market capitalisation at close (x 1,000 EUR)	**2,420,756**	**2,268,245**	**2,210,553**
Free Float[6]	**100 %**	**100 %**	**100 %**
Velocity[6]	**43.1 %**	**41.5 %**	**59.1 %**
Pay-out ratio	**83.9 %**	**84.2 %**	**85.9 %**

Withholding tax

The applicable withholding tax on distributed dividends has been 30 % since 01.01.2017.

However, Belgian Law provides exemptions. To take advantage of them, the beneficiaries of dividends must first meet certain conditions. Moreover, agreements to prevent double taxation provide for reductions of the withholding tax on dividends.

1 This dividend will be distributed over two coupons: coupon no. 33, estimated at 2.74 EUR, went ex-date on 20.06.2018, and coupon no. 34, estimated at 2.76 EUR, has not yet gone ex-date. These two coupons will be paid concurrently as of 15.05.2019.

2 Gross dividend on the average annual share price.

3 Increase in the share price + dividend yield.

4 Dividends are subject to a 30 % withholding tax.

5 Subject to approval by the Ordinary General Meeting of 08.05.2019.

6 According to the Euronext definition.

Preference shares

Preference shares are listed on Euronext Brussels (tickers: COFP1 for the series issued on 30.04.2004 and COFP2 for the series issued on 26.05.2004). The shares are registered with voting rights. They have been convertible into ordinary shares since 01.05.2009, at a rate of one-for-one. During the 2018 financial year, 1,357 preference shares were converted into ordinary shares.

In 2019, Cofinimmo will have the option to purchase the non-converted shares at their issue price (see the 'Information by virtue of Article 34 of the Royal Decree of 14.11.2007' section of the 'Corporate governance statement' chapter of this Report).

In accordance with the Articles of Association of the Company, the preference share dividend is set at 6.37 EUR gross (see the 'Standing document' chapter of this Report).

ISIN BE0003811289 (COFP1) - ISIN BE0003813301 (COFP2)	COFP1		COFP2	
	2018	2017	**2018**	2017
Share price (in EUR)				
At close	127	127	107.00	100.10
Average	n/a	n/a	87.79	102.58
Dividend yield[1]	**5.0 %**	**5.0 %**	**7.3 %**	**6.2 %**
Gross return[2] (over 12 months)	**5.0 %**	**5.0 %**	**14.1 %**	**27.5 %**
Dividend[3]				
Gross	6.37[4]	6.37	6.37[4]	6.37
Net	4.46[4]	4.46	4.46[4]	4.46
Volume				
Average daily volume[5]	0	0	45	62
Annual volume	0	0	545	802
Number of shares entitled to share in the consolidated results of the financial year	**395,011**	**395,011**	**287,125**	**288,482**
Market capitalisation at close (x 1,000 EUR)	**50,166**	**50,166**	**30,722**	**28,877**

Convertible bonds

Cofinimmo has issued one convertible bond (see the 'Management of financial resources' chapter in this Report).

ISIN BE0002259282 (Cofinimmo SA/NV 2016-2021)	**2018**	2017	2016
Share price (in EUR)			
At close	143.42	142.62	141.77
Average	143.62	141.42	142.34
Average yield through maturity (annual average)	**0.7 %**	**0.8 %**	**0.8 %**
Effective yield at issue	**0.2 %**	**0.2 %**	**0.2 %**
Interest coupon (in %)			
Gross (per tranche of 146.00 EUR)	0.19	0.19	0.19
Net (per tranche of 146.00 EUR)	0.13	0.13	0.13
Number of shares	**1,502,196**	**1,502,196**	**1,502,196**
Conversion price (in EUR)	**140.11**	**143.48**	**146.00**

1 Gross dividend on the average annual share price.
2 Increase in the share price + dividend yield.
3 Dividends are subject to a 30 % withholding tax.
4 Subject to approval by the Ordinary General Meeting of 08.05.2019.
5 Average calculated based on the number of trading days during which a volume was recorded.

Non-convertible bonds

Cofinimmo issued four non-convertible bonds, including a 'Green and Social Bond' (see the 'Management of financial resources' chapter in this Report).

ISIN BE6241505401 (Cofinimmo SA/NV 2012-2020)	2018	2017	2016
Share price (in %)			
At close	102.33	104.49	103.71
Average	103.51	103.73	104.39
Average yield to maturity (annual average)	**1.4 %**	**1.4 %**	**2.3 %**
Effective yield at issue	**3.6 %**	**3.6 %**	**3.6 %**
Interest coupon (in %)			
Gross (per tranche of 100,000 EUR)	3.55	3.55	3.55
Net (per tranche of 100,000 EUR)	2.49	2.49	2.49
Number of shares	**1,400**	**1,400**	**1,400**

ISIN BE0002224906 (Cofinimmo SA/NV 2015-2022)	2018	2017	2016
Share price (in %)			
At close	101.24	101.44	102.36
Average	101.08	101.97	102.23
Average yield to maturity (annual average)	**1.5 %**	**1.6 %**	**1.4 %**
Effective yield at issue	**1.9 %**	**1.9 %**	**1.9 %**
Interest coupon (in %)			
Gross (per tranche of 100,000 EUR)	1.92	1.92	1.92
Net (per tranche of 100,000 EUR)	1.34	1.34	1.34
Number of shares	**1,900**	**1,900**	**1,900**

ISIN BE0002267368 (Cofinimmo SA/NV 2016-2026)	2018	2017	2016
Share price (in %)			
At close	97.42	95.95	99.61
Average	95.45	96.19	n/a
Average yield to maturity (annual average)	**2.1 %**	**2.2 %**	**1.7 %**
Effective yield at issue	**1.7 %**	**1.7 %**	**1.7 %**
Interest coupon (in %)			
Gross (per tranche of 100,000 EUR)	1.70	1.70	1.70
Net (per tranche of 100,000 EUR)	1.19	1.19	1.19
Number of shares	**700**	**700**	**700**

ISIN BE0002269380 (Cofinimmo SA/NV 2016-2024)	2018	2017	2016
Share price (in %)			
At close	98.75	99.00	100.21
Average	98.20	99.49	99.97
Average yield to maturity (annual average)	**2.2 %**	**2.2 %**	**2.0 %**
Effective yield at issue	**2.0 %**	**2.0 %**	**2.0 %**
Interest coupon (in %)			
Gross (per tranche of 100,000 EUR)	2.00	2.00	2.00
Net (per tranche of 100,000 EUR)	1.40	1.40	1.40
Number of shares	**550**	**550**	**550**

Shareholding structure as at 31.12.2018

The table below shows the shareholders of Cofinimmo holding more than 5 % of the capital. Transparency declarations and control chains are available on the website. At the closing date of this Report, Cofinimmo has not received any transparency declaration presenting a situation subsequent to that of 24.11.2017. According to the Euronext definition, the free float is 100 %.

Company	%
BlackRock, Inc.	5.54 %
Crédit Agricole Group	5.01 %
Cofinimmo Group	0.18 %
Other < 5 %	89.27 %
TOTAL	**100.00 %**

Shareholder's calendar

Event	Date
Annual press release: results as at 31.12.2018	07.02.2019
Publication of the 2018 Annual Financial Report	05.04.2019
Publication of the 2018 Sustainability Report	05.04.2019
Quarterly information: results as at 31.03.2019	25.04.2019
2018 Ordinary General Meeting	08.05.2019
Payment of the dividend for the period 01.01.2018 until 01.07.2018 (ordinary shares)[1]	
Coupon	No. 33
Ex-date[2]	20.06.2018
Record date[3]	21.06.2018
Dividend payment date	As from 15.05.2019
Payment of the dividend for the period 02.07.2018 until 31.12.2018 (ordinary shares)[1]	
Coupon	No. 34
Ex-date[2]	13.05.2019
Record date[3]	14.05.2019
Dividend payment date	As from 15.05.2019
Payment of the 2018 dividend (preference shares)[1]	
Coupons	No. 21 (COFP1) and No. 20 (COFP2)
Ex-date[2]	13.05.2019
Record date[3]	14.05.2019
Dividend payment date	As from 15.05.2019
Half-year Financial Report: results as at 30.06.2019	25.07.2019
Quarterly information: results as at 30.09.2019	07.11.2019
Annual press release: results as at 31.12.2019	06.02.2020

1 Subject to approval by the Ordinary General Meeting of 08.05.2019.
2 Date from which the stock exchange trading takes place without any entitlement to the future dividend payment.
3 Date on which positions are recorded in order to identify shareholders entitled to the dividend.

Data according to the EPRA principle[1]

EPRA performance indicators

	Definition	31.12.2018		31.12.2017	
		(x 1,000 EUR)	EUR/share	(x 1,000 EUR)	EUR/share
1 EPRA Earnings	Current result from strategic operational activities	145,004	6.55	139,090	6.53
EPRA Diluted earnings	Diluted current result from strategic operational activities taking into account the potential dilution due to 'in-the-money' financial instruments at the closing date.	145,004	6.54	139,090	6.52
2 EPRA NAV	Net Asset Value (NAV) adjusted to include the investment properties at their fair value and to exclude certain items not expected to crystallise in a long-term investment property business model.	2,177,238	94.76	1,989,481	93.26
3 EPRA NNNAV	EPRA NAV adjusted to include the fair value of (i) financial instruments, (ii) debt and (iii) deferred taxes.	2,124,801	92.48	1,946,459	91.24

	Definition	31.12.2018		31.12.2017	
			in %		in %
4 (i) EPRA Net Initial Yield (NIY)	Annualised gross rental income based on the passing rents at the closing date, less property charges, divided by the market value of the portfolio, increased with estimated transaction costs resulting from the hypothetical disposal of investment properties.		5.62 %		5.63 %
(ii) EPRA 'Topped-up' NIY	This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods and other incentives.		5.69 %		5.69 %
5 EPRA Vacancy rate	Estimated Rental Value (ERV) of vacant space divided by the ERV of the total portfolio.		4.30 %		5.48 %
6 EPRA Cost ratio (direct vacancy costs included)	Administrative/operational expenses per IFRS income statement, including the direct costs of vacant buildings, divided by the gross rental income, less ground rent costs.		23.22 %		23.26 %
7 EPRA Cost ratio (direct vacancy costs excluded)	Administrative/operational expenses per IFRS income statement, less the direct costs of vacant buildings, divided by the gross rental income, less ground rent costs.		19.07 %		19.80 %

1 These data are not compulsory according to the RREC regulation and are not subject to verification by public authorities. The auditor verified whether the EPRA earnings, EPRA VAN, EPRA NNNAV and EPRA cost ratios are calculated according to the definitions included in the 'EPRA Best Practice Recommendations' and whether the financial data used in the calculation of these figures comply with the accounting data included in the audited consolidated financial statements.

EPRA Earnings and EPRA Earnings per share[1]

(x 1,000 EUR)	2018	2017
IFRS earnings per financial statements	**145,613**	**137,362**
Adjustments to calculate EPRA Earnings, to exclude:	**-609**	**1,728**
(i) Changes in fair value of investment properties and assets held for sale	8,260	-10,261
Changes in fair value of investment properties	6,259	-10,261
Writeback of rents earned but not expired and others[2]	2,001	0
(ii) Gains or losses on disposal of investment properties and other non-financial assets	-28,436	-1,443
(v) Goodwill impairment (other result on the portfolio)	13,600	14,100
(vi) Changes in fair value of financial instruments	3,013	-1,678
(vii) Costs & interest on acquisitions and joint ventures[3]	0	982
(viii) Deferred taxes in respect of EPRA adjustments (other result on the portfolio)[4]	2,222	69
(ix) Adjustments related to joint ventures	-377	0
(x) Minority interests in respect of the above adjustments	1,109	-41
EPRA Earnings	**145,004**	**139,090**
Number of shares	22,133,963	21,308,702
EPRA Earnings per share (in EUR)	**6.55**	6.53
EPRA diluted result[5]	**145,004**	**139,090**
Diluted number of shares	22,156,613	21,333,177
EPRA diluted result per share (in EUR)	**6.54**	6.52

EPRA net asset value (NAV)

(x 1,000 EUR)	2018	2017
NAV per financial statements	**2,082,130**	**1,903,159**
NAV per share per financial statements (in EUR)	**90.71**	**89.31**
Effect of the exercise of options, convertible debts or other equity instruments	0	0
Diluted NAV, after the exercise of options, convertible debts and other equity instruments	**2,082,130**	**1,903,159**
To include:		
(i) Revaluation at fair value of finance lease receivables	50,495	43,300
To exclude:		
(i) Fair value of the financial instruments	48,982	47,118
(ii) Deferred taxes	41,590	40,152
(iii) Goodwill as a result of deferred taxes	-45,960	-44,248
EPRA NAV	**2,177,238**	**1,989,481**
Number of shares	22,975,551	21,333,177
EPRA NAV per share	**94.76**	93.26

EPRA triple net asset value (NNNAV)

(x 1,000 EUR)	2018	2017
EPRA NAV	**2,177,238**	**1,989,481**
To include:		
(i) Fair value of the financial instruments	-48,982	-47,118
(ii) Fair value of debt	-7,825	0
(iii) Deferred taxes	4,370	4,096
EPRA NNNAV	**2,124,801**	**1,946,459**
Number of shares	22,975,551	21,333,177
EPRA NNNAV per share (in EUR)	**92.48**	91.24

1 The summary and the comments on the consolidated income statements are on page 74 to 78 of the current Report.

2 The elements under this item on 31.12.2018 figured under the item 'Costs & interests on acquisitions and joint ventures' on 31.12.2017.

3 The elements that figured under this item on 31.12.2017 are now spread over other items in the reconciliation table.

4 The elements under this item on 31.12.2018 partly figured under the item 'Costs & interests on acquisitions and joint ventures' on 31.12.2017.

5 In accordance with the 'EPRA Best Practices Recommendations', the Mandatory Convertible Bonds (MCB) issued in 2011, the convertible bonds issued in 2016 and part of the treasury shares reserved for stock options being 'out-of-the-money' at 31.12.2018 are not taken into account in the calculation of the 2018 EPRA diluted result. At 31.12.2017, the Mandatory Convertible Bonds (MCB) issued in 2011, the convertible bonds issued in 2016 and part of the treasury shares reserved for stock options being 'out-of-the-money' at 31.12.2017 are not taken into account in the calculation of the 2017 EPRA diluted result.

EPRA Net initial yield (NIY) and EPRA 'topped-up' NIY[1]

(x 1,000,000 EUR)	2018									
	Healthcare real estate				Offices	Property of distribution networks			Other	TOTAL
	Belgium	France	Netherlands	Germany		Belgium	Netherlands	France		
Investment properties at fair value	879.6	394.2	210.4	397.4	1,256.9	292.0	142.1	126.6	28.6	3,727.9
Assets held for sale	-	-	-	-	-33.7	-	-	-	-	-33.7
Development projects	-13.1	-	-7.0	-	-83.7	-	-	-	-	-103.8
Properties available for lease	**866.4**	**394.2**	**203.4**	**397.4**	**1,139.5**	**292.0**	**142.1**	**126.6**	**28.6**	**3,590.4**
Estimated transaction costs and rights resulting from the hypothetical disposal of investment property	21.7	27.0	8.5	22.9	28.5	32.0	8.5	8.8	0.7	158.6
Gross up completed property portfolio valuation	**888.1**	**421.2**	**211.9**	**420.3**	**1,168.0**	**324.1**	**150.6**	**135.4**	**29.3**	**3,749.0**
Annualised gross rental income	52.8	25.9	13.8	24.2	75.9	19.8	10.0	7.9	1.9	232.3
Property charges	-0.1	-0.2	-1.3	-0.6	-17.5	-0.7	-0.6	-0.3	-0.1	-21.5
Annualised net rental income	**52.7**	**25.7**	**12.4**	**23.6**	**58.5**	**19.1**	**9.5**	**7.6**	**1.8**	**210.8**
Rent-free periods expiring within 12 months and other lease incentives	0.1	-	0.1	0.3	2.1	-	-	-	-	2.6
Topped-up net annualised rental income	**52.8**	**25.7**	**12.5**	**23.9**	**60.6**	**19.1**	**9.5**	**7.6**	**1.8**	**213.4**
EPRA NIY	**5.94 %**	**6.10 %**	**5.87 %**	**5.62 %**	**5.00 %**	**5.89 %**	**6.30 %**	**5.61 %**	**6.07 %**	**5.62 %**
EPRA 'Topped-up' NIY	**5.95 %**	**6.10 %**	**5.87 %**	**5.70 %**	**5.19 %**	**5.89 %**	**6.30 %**	**5.61 %**	**6.07 %**	**5.69 %**

EPRA Vacancy rate[2]

(x 1,000 EUR)	2018									
	Healthcare real estate				Offices	Property of distribution networks			Other	TOTAL
	Belgium	France	Netherlands	Germany		Belgium	Netherlands	France		
Rental space (in m²)	392,488	211,564	98,014	192,930	508,407	291,908	44,822	58,314	15,830	**1,814,278**
ERV[3] of vacant space	-	-	121	-	9,564	192	138	230	-	**10,245**
ERV[3] of the total portfolio	51,209	30,027	13,193	24,225	82,208	19,202	8,502	8,109	1,602	**238,277**
EPRA Vacancy rate	**0.00 %**	**0.00 %**	**0.92 %**	**0.00 %**	**11.63 %**	**1.00 %**	**1.62 %**	**2.84 %**	**0.00 %**	**4.30 %**

1 For more infomation on the segment information, refer to Note 5.
2 For more details on the rental vacancy rate, see page 66 of this Report.
3 ERV = Estimated Rental Value.

2017									
Healthcare real estate				Offices	Property of distribution networks			Other	TOTAL
Belgium	France	Netherlands	Germany		Belgium	Netherlands	France		
856.2	402.5	181.7	148.6	1,335.1	287.6	140.1	127.5	28.5	3,507.8
-	-0.8	-	-	-	-	-	-	-	-0.8
-11.1	-	-1.6	-	-157.7	-	-	-0.6	-	-171.0
845.1	**401.7**	**180.1**	**148.6**	**1,177.4**	**287.6**	**140.1**	**126.9**	**28.5**	**3,336.0**
21.1	27.5	6.9	7.8	29.4	31.5	8.4	8.9	0.8	142.3
866.2	**429.2**	**187.0**	**156.4**	**1,206.8**	**319.1**	**148.5**	**135.8**	**29.3**	**3,478.3**
51.6	25.8	12.3	10.1	80.5	19.7	9.9	7.7	1.9	219.5
-0.6	-0.4	-0.4	-1.2	-20.3	-0.7	-0.2	-0.2	0.3	-23.7
51.0	**25.4**	**11.9**	**8.9**	**60.2**	**19.0**	**9.7**	**7.5**	**2.2**	**195.8**
-	-	-	-	2.2	-	-	-	-	2.2
51.0	**25.4**	**11.9**	**8.9**	**62.4**	**19.0**	**9.7**	**7.5**	**2.2**	**198.0**
5.88 %	5.90 %	6.37 %	5.74 %	4.98 %	5.96 %	6.55 %	5.49 %	7.63 %	5.63 %
5.88 %	5.90 %	6.37 %	5.74 %	5.17 %	5.96 %	6.55 %	5.49 %	7.63 %	5.69 %

EPRA - Evolution of gross rental income[1]

(x 1,000 EUR)	2017	2018					
Segment	Gross Rental income[2]	**Gross rental income - at comparable scope vs. 2017**	**Acquisitions**	**Disposals**	**Other**	**Regularisation of rental income related to previous periods**	**Gross rental income[2] - at current scope**
Healthcare real estate	**95,844**	**96,697**	**11,137**	**-228**	**-**	**-**	**107,606**
Healthcare real estate Belgium	49,834	50,792	1,392	-4	-	-	52,180
Healthcare real estate France	25,774	25,923	-	-	-	-	25,923
Healthcare real estate Netherlands	11,187	10,818	1,621	-224	-	-	12,215
Healthcare real estate Germany	9,049	9,165	8,123	-	-	-	17,288
Offices	**85,989**	**83,929**	**520**	**-1**	**-7,079**	**-**	**77,369**
Property of distribution networks	**37,219**	**37,913**	**-**	**-519**	**-**	**-**	**37,394**
Pubstone Belgium	19,416	20,057	-	-245	-	-	19,812
Pubstone Netherlands	10,008	10,063	-	-220	-	-	9,843
Cofinimur I	7,795	7,794	-	-55	-	-	7,739
Other	**1,946**	**1,989**	**-**	**-**	**-**	**-**	**1,989**
TOTAL PORTFOLIO	**220,998**	**220,529**	**11,657**	**-748**	**-7,079**	**-**	**224,359**

1 It concerns the year-to-year variations (indexations, new locations, departures and renegotiations) of gross rental income, excluding the variations linked to changes in scope (major renovations, acquisitions and sales) occurred during the financial period.

2 Including writeback of lease payments sold and discounted.

Investment properties - Rental data[1]

(x 1,000 EUR)	2018					
Segment	**Gross rental income for the period[2]**	**Net rental-income for the period**	**Available rental space (in m²)**	**Passing rent at the end of the period**	**ERV[3] at the end of the period**	**Vacancy rate at the end of the period**
Healthcare real estate	**107,606**	**107,086**	**894,996**	**116,721**	**118,655**	**0.10 %**
Healthcare real estate Belgium	52,180	52,011	392,488	52,822	51,209	0.00 %
Healthcare real estate France	25,923	25,923	211,564	25,915	30,027	0.00 %
Healthcare real estate Netherlands	12,215	11,895	98,014	13,760	13,193	0.92 %
Healthcare real estate Germany	17,288	17,258	192,930	24,225	24,225	0.00 %
Offices	**77,369**	**73,444**	**508,407**	**75,946**	**82,208**	**11.63 %**
Property of distribution networks	**37,394**	**37,392**	**395,044**	**37,747**	**35,812**	**1.56 %**
Pubstone Belgium	19,812	19,810	291,908	19,798	19,202	1.00 %
Pubstone Netherlands	9,843	9,843	44,822	10,036	8,502	1.62 %
Cofinimur I	7,739	7,739	58,314	7,913	8,109	2.84 %
Other	**1,989**	**1,978**	**15,830**	**1,906**	**1,602**	**0.00 %**
TOTAL PORTFOLIO	**224,359**	**219,901**	**1,814,278**	**232,321**	**238,277**	**4.30 %**

Investment properties - Valuation data[4]

(x 1,000 EUR)	2018			
Segment	**Fair value of the portfolio**	**Changes in the fair value over the period**	**EPRA Net Initial Yield (in %)**	**Changes in fair value over the period (in %)**
Healthcare real estate	**1,861,465**	**8,055**	**5.89 %**	**0.43 %**
Healthcare real estate Belgium	866,435	12,676	5.94 %	1.48 %
Healthcare real estate France	394,230	-7,510	6.10 %	-1.87 %
Healthcare real estate Netherlands	203,400	10,215	5.87 %	5.29 %
Healthcare real estate Germany	397,400	-7,326	5.62 %	-1.81 %
Offices	**1,139,548**	**241**	**5.00 %**	**0.02 %**
Property of distribution networks	**560,742**	**6,742**	**5.93 %**	**1.22 %**
Pubstone Belgium	292,016	3,861	5.89 %	1.34 %
Pubstone Netherlands	142,101	2,555	6.30 %	1.83 %
Cofinimur I	126,625	326	5.61 %	0.26 %
Other	**28,611**	**66**	**6.07 %**	**0.23 %**
TOTAL PORTFOLIO	**3,590,365**	**15,104**	**5.62 %**	**0.42 %**

Reconciliation with IFRS income statement

Investment properties under development	103,836	-15,619		
Assets held for sale	33,663	-5,744		
TOTAL	**3,727,865**	**-6,259**		

1 For more details on the rental data, refer to the property report (pages 90 to 107).
2 Including writeback of lease payments sold and discounted.
3 ERV = Estimated Rental Value.
4 For more details on the valuation data, see the property report (pages 90 to 107) and the management report (pages 22 to 89).

2017					
Gross rental income for the period[2]	Net rental-income for the period	Available rental space (in m²)	Passing rent at the end of the period	ERV[3] at the end of the period	Vacancy rate at the end of the period
95,844	**95,757**	**754,739**	**99,852**	**102,707**	**0.74 %**
49,834	49,775	387,467	51,584	49,991	0.00 %
25,774	25,774	215,977	25,779	30,674	2.28 %
11,187	11,159	86,161	12,339	11,892	0.50 %
9,049	9,049	65,134	10,150	10,150	0.00 %
85,989	**80,922**	**665,680**	**80,479**	**87,371**	**12.46 %**
37,219	**37,219**	**402,221**	**37,273**	**36,014**	**2.27 %**
19,416	19,416	297,776	19,671	19,173	1.54 %
10,008	10,008	45,367	9,898	8,650	2.13 %
7,795	7,795	59,078	7,704	8,191	4.11 %
1,946	**1,916**	**15,830**	**1,871**	**1,602**	**0.44 %**
220,998	215,814	1,838,470	219,475	227,694	5.48 %

2017			
Fair value of the portfolio	Changes in the fair value over the period	EPRA Net Initial Yield (in %)	Changes in fair value over the period (in %)
1,576,232	**13,148**	**5.98 %**	**0.84 %**
845,039	21,663	5.88 %	2.63 %
402,540	-8,728	5.90 %	-2.12 %
180,053	-89	6.37 %	-0.05 %
148,600	302	5.74 %	0.21 %
1,177,378	**-17,776**	**4.98 %**	**-1.49 %**
554,645	**2,986**	**6.03 %**	**0.54 %**
287,574	2,493	5.96 %	0.88 %
140,116	-857	6.55 %	-0.61 %
126,955	1,350	5.49 %	1.07 %
28,544	**3,025**	**7.63 %**	**11.85 %**
3,336,799	1,383	5.63 %	0.04 %

170,982	8,878		
3,507,781	10,261		

Investment properties - Lease data

(x 1,000 EUR)	Figures depending on the lease ends							
	Average lease length (in years)		Passing rents of the leases maturing in			ERV[1] of the leases maturing in		
	Until the break[2]	Until the end of the lease	Year 1	Year 2	Years 3-5	Year 1	Year 2	Years 3-5
Healthcare real estate	**15.6**	**15.7**	**5,028**	**9,869**	**9,675**	**4,593**	**13,593**	**9,333**
Healthcare real estate Belgium	18.4	18.4	-	-	15	-	-	8
Healthcare real estate France	2.9	3.0	5,026	9,784	7,775	4,590	13,525	7,642
Healthcare real estate Netherlands	11.7	12.6	-	85	1,829	-	68	1,625
Healthcare real estate Germany	25.4	25.4	3	-	57	3	-	57
Offices	**4.0**	**5.0**	**6,900**	**9,725**	**30,055**	**6,162**	**8,763**	**28,709**
Property of distribution networks	**10.1**	**13.3**	**-**	**3,018**	**4,662**	**-**	**2,959**	**4,680**
Pubstone Belgium	11.8	15.8	-	-	-	-	-	-
Pubstone Netherlands	11.8	15.8	-	-	-	-	-	-
Cofinimur I	3.8	3.9	-	3,018	4,662	-	2,959	4,680
Other	**9.9**	**9.9**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL PORTFOLIO	**10.9**	**11.8**	**11,928**	**22,612**	**44,392**	**10,755**	**25,315**	**42,722**

(x 1,000 EUR)	Lease figures according to their revision date (break)					
	Passing rents of the leases subject to revision in			ERV[1] of the leases subject to revision in		
	Year 1	Year 2	Years 3-5	Year 1	Year 2	Years 3-5
Healthcare real estate	**5,649**	**9,907**	**10,098**	**5,179**	**13,630**	**9,642**
Healthcare real estate Belgium	-	-	15	-	-	8
Healthcare real estate France	5,640	9,784	7,161	5,170	13,525	7,062
Healthcare real estate Netherlands	7	123	2,865	6	105	2,514
Healthcare real estate Germany	3	-	57	3	-	57
Offices	**9,402**	**15,381**	**34,012**	**8,640**	**13,718**	**32,491**
Property of distribution networks	**48**	**3,047**	**4,692**	**37**	**2,987**	**4,753**
Pubstone Belgium	-	-	-	-	-	-
Pubstone Netherlands	-	-	-	-	-	-
Cofinimur I	48	3,047	4,692	37	2,987	4,753
Other	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL PORTFOLIO	**15,099**	**28,335**	**48,802**	**13,857**	**30,335**	**46,886**

1 ERV = Estimated Rental Value.
2 First break option for the tenant.

EPRA cost ratios

(x 1,000 EUR)		2018	2017
(i)	**Administrative/operational expenses per IFRS income statement**	**-50,004**	**-48,541**
	Cost of rent-free periods	-3,839	-4,253
	Charges and taxes not recovered from the tenant on let properties	-5,891	-3,545
	Net redecoration expenses	-2,468	-2,847
	Technical costs	-6,421	-5,396
	Commercial costs	-1,791	-1,583
	Taxes and charges on unlet properties	-4,489	-5,128
	Property management costs or Corporate management costs	-25,104	-25,789
(v)	**Share of joint venture expenses**	**-109**	**-34**
	EPRA COST RATIO (DIRECT VACANCY COSTS INCLUDED) (A)	**-50,113**	**-48,575**
(ix)	**Direct vacancy costs**	**8,961**	**7,240**
	EPRA COSTS (DIRECT VACANCY COSTS EXCLUDED) (B)	**-41,152**	**-41,335**
(x)	**Gross rental income less ground rent costs**	**215,112**	**208,115**
(xii)	**Share of joint venture gross rental income**	**696**	**698**
	Gross rental income (C)	**215,808**	**208,813**
	EPRA cost ratio (direct vacancy costs included) (A/C)	**23.22 %**	23.26 %
	EPRA cost ratio (direct vacancy costs excluded) (B/C)	**19.07 %**	19.80 %
*	Overhead and operational expenses capitalised (including share of joint ventures)	1,364	1,722

Cofinimmo capitalises overhead costs and operational expenses (legal fees, project management fees, capitalised interests, etc.) directly linked to development projects.

Development projects

During 2018, Cofinimmo has done multiple renovation works. For more details on ongoing and future works, see page 36 of the 'Healthcare real estate' section, page 49 of the 'Property of distribution networks' section, and page 57 of the 'Offices' section.

Corporate governance statement[1]

With respect to corporate governance, Cofinimmo seeks to maintain the highest standards and continuously reassesses its methods in relation to the principles, practices and requirements of the field.

Montoyer 10 office building - Brussels CBD (BE)

Reference code

This governance statement is included the provisions of the 2009 Belgian Corporate Governance Code ('Code 2009') and those of the Law of 06.04.2010 amending the Company Code. The Royal Decree of 06.06.2010 confirmed Code 2009 as the only code applicable. The Code is available on the Belgian Official Gazette website (Moniteur Belge/Belgisch Staatsblad) and at www.corporategovernancecommittee.be.

The Board of Directors states that, to its knowledge, its corporate governance practice is fully compliant with Code 2009. The Corporate Governance Charter can be viewed on the website at www.cofinimmo.com. It was last updated on 11.03.2019.

Internal control and risk management

Cofinimmo has implemented a risk management and internal control process in accordance with the rules of Corporate Governance and the laws applicable to public Regulated Real Estate Companies.

To do so, the Group selected the Enterprise Risk Management (ERM) model developed by COSO (Committee of Sponsoring Organisations of the Treadway Commission - www.coso.org) as the frame of reference. COSO is a private sector organisation. Its goal is to promote quality improvements in financial and non-financial reporting through the application of business ethics rules, an effective internal control system and enterprise governance rules.

1 This chapter forms an integral part of the statutory and consolidated management report.

The ERM model consists of the following components:

- the internal environment;
- the setting of objectives and risk appetite;
- identification, analysis and risk management;
- control activities;
- information and internal communication;
- surveillance and monitoring.

The internal environment

The concept of internal environment includes the vision, integrity, ethical values, personal skills and the way in which the Executive Committee assigns authority and responsibilities and organises and trains its staff, all under the control of the Board of Directors.

The business culture of the company incorporates risk management at various levels based on:

- corporate governance rules and the existence of an Audit Committee, a Nomination, Remuneration and Corporate Governance Committee entirely composed of Independent Directors as meant by Article 526ter of the Company Code, an Internal Auditor, a Risk Manager, a Management Controller and a Compliance Officer;
- the Executive Committee's integration of the notion of risk for any investment, transaction and commitment with a significant potential impact on the company's objectives;
- the existence of a Code of Conduct dealing with conflicts of interest, professional secrecy, rules governing the buying and selling of shares, prevention of misuse of corporate funds, acceptance of business gifts, communication, respect for individuals and a whistleblowing procedure, that all are part of the Corporate Governance Charter;
- adherence to task separation principles and the application of rules regarding the delegation of powers clearly established at all levels of the Group;
- the application of strict criteria for human resources management, particularly with respect to selection, staff recruitment rules, training policy, periodic performance assessment procedures and setting of annual targets;
- the existence of a Sustainability Committee whose mission is to identify and continuously evaluate all elements that can improve the sustainable development strategy. It is composed on the one hand of representatives of the departments directly involved in the real estate management of the Group's assets and on the other hand, supporting departments such as the legal, communication and human resources departments;
- the monitoring of procedures and the formalisation of processes;
- an updated disaster recovery plan.

External players are also involved in this risk control environment. They include, in particular, the Financial Services and Markets Authority (FSMA), company auditors, legal consultants, evaluator experts, banks, credit rating agency, financial analysts and shareholders.

The setting of objectives and risk appetite

Cofinimmo's strategy is defined every two years by the Board of Directors based on a proposal from the Executive Committee, taking into account the sustainable development topics proposed by the Sustainability Committee. It is then translated into operational, compliance and reporting objectives. These apply at all of the Company's operating levels, from the most global level to their implementation in the functional units.

A budget, which translates the Company's objectives into figures, is drawn up annually and reviewed every quarter. It includes forecast revenue items such as rents for the year as well as costs linked to the management and development of the property portfolio and financial costs linked to the business financing structure. The budget is validated by the Executive Committee then submitted to the Board of Directors for approval.

Identification, analysis and management of risks

This point includes the identification of risk events, their analysis and the measures taken to respond to them in an effective manner.

An overall in-depth risk analysis of the Company is carried out periodically in collaboration with all levels of the organisation, each for its respective areas of competence. The analysis is carried out on the basis of the strategic choices, legal constraints and the environment within which the Company operates, including risks related to sustainable development, such as the impact of climate change on the Company's activities. It begins with the identification of potential risks, their probability of occurrence and their impact on objectives viewed from different angles: financial, legal, operational, counterparty, property and reputation. The analysis is then formalised in a document presented and discussed at an Executive Committee meeting. It is updated throughout the year according to the evolution of business activities and new commitments, taking into account the lessons of the past. Once a year, it is also submitted to the Audit Committee which uses it, among other things, to decide on the audit assignments entrusted to the Internal Auditor.

Furthermore, each major project undergoes a specific risk analysis based on an organised framework to improve the quality of information used in the decision-making process.

Control activities

Controls are implemented in the various departments in response to the risks identified:

- at financial level: the differences between the estimated budget and the realised result are reviewed quarterly by the Executive Committee, the Audit Committee and the Board of Directors;
- at credit risk level: the solvency of the most important clients without a financial rating is analysed annually by the financial department. The amounts and validity of the rental guarantees established by all of the tenants are checked quarterly by the operational teams;
- at rental level: half-yearly analysis of the rental vacancy, the lease terms and the risks and opportunities in terms of rental revenue;
- at accounting level: the use of an ERP application (Enterprise Resource Planning, that is, an integrated management software package), namely SAP, includes a number of automatic checks. SAP covers all accounting and financial aspects, as well as all data related to the real estate business (i.e. monitoring of rental contracts, rent invoices, statements of charges, orders, purchases, work site budget monitoring, etc.);
- at treasury level: the use of a range of financing sources and banks and the spreading of maturities limits the risk of refinancing concentration;
- interest rate risk is limited by the application of a hedging policy;
- the use of cash flow software facilitates the day-to-day monitoring of cash flow positions and cash-pooling operations;
- the dual signature principle is applied within the limits of delegations of power for commitments to third parties, whether this involves asset acquisitions, rental transactions, orders of any type, approvals of invoices or payments;
- the use of workflow software at the different stages of business activity (leasing) strengthens the controls at the key stages of the process;
- the register and movements of COFB, COFP1 and COFP2 registered shares are integrated in a secure IT application (Capitrack programme), developed and supplied by Belgium's central depository Euroclear.

Information and internal communication

Information and communication between the various levels of the Company and the information they disseminate is based on work meetings and on reporting:

- the Management Report, drawn up quarterly by the Controlling department, details the situation of the income statement and the balance sheet, the key performance indicators, the acquisitions/sales situation and their impact on the results. It also includes an inventory of assets, project progress and cash flow positions. It is distributed to management, department heads and key individuals. It is discussed by the Executive Committee, the Audit Committee and the Board of Directors;
- each department also periodically draws up specific reports about its own activities;
- the Executive Committee meets weekly to systematically review important issues dealing with the Company's operations and business and to discuss in more detail property investments and divestments, construction and rental matters. A report is created for each meeting with, if necessary, an action plan for the implementation of the decisions taken at the meeting.

Surveillance and monitoring

A closing is prepared each quarter using the same procedures as for the end of the financial year. Consolidated accounts are drawn up at this time. Key indicators are calculated and analysed. The data is collected in the Management Report referred to in the point above. All of this data is discussed and analysed by the Executive Committee, the Audit Committee and the Board of Directors.

Each department also collects relevant information at its own level which is analysed quarterly and compared to the objectives set for the year. During the course of the year, the Executive Committee invites each head of department to present an update on the evolution of their specific business activities.

Additionally, the assignments of the Internal Auditor cover various procedures. The results of the audits are submitted to the Audit Committee, which ensures implementation of the recommendations, and to the Board of Directors.

Shareholding structure as at 31.12.2018

The table below shows the shareholders of Cofinimmo holding more than 5 % of the capital. Transparency declarations and control chains are available on the website. According to the Euronext definition, the free float is 100 %.

This table presents the situation based on the transparency declarations received under the Law of 02.05.2007. Any changes notified since 31.12.2018 have been published according to the provisions of the above mentioned law and can be consulted on the company's website www.cofinimmo.com.

The Board of Directors declares that the shareholders listed do not have different voting rights.

Company	%
BlackRock, Inc.	5.54 %
Crédit Agricole Group	5.01 %
Cofinimmo (treasury shares)[1]	0.18 %
Others < 5 %	89.27 %
TOTAL	**100.00 %**

Diversity policy

Respect for differences and cultural diversity

Cofinimmo firmly believes in the appeal of diversity (cultural, generational, linguistic, gender, etc.) for both the company and the community. Equal opportunities are a fundamental value for democracies.

Cofinimmo has been awarded the Diversity Label for more than ten years. It rewards initiatives and confirms the company's deep and unwavering commitment in this field, reflected in its recruitment, staff management and external positioning.

The main goal of governance is to achieve quality, development and sustainability. The highest degree of management quality can be achieved through, among other things, diversity.

Diversity on the Board of Directors and its Committees

Diversity on the Board of Directors is reflected in the significant presence of women, but also in the presence of three different nationalities and varied backgrounds. This selection helps to expand the knowledge in the Board and its committees of the different countries in which the company operates.

Diversity within the Management

For many years, the majority of the group's employees have been female and many of them have a management role. 54 % percent of managers are women, a proportion that demonstrates the equity with which the management team is organised. All the female managers perform this role in support teams (human resources, accounting, finance, treasury, communication and investor relations, etc.).

All employees are offered flexibility in the organisation of their working life, which is mostly used by women but is increasingly being used by male employees. The potential for development and growth within Cofinimmo remains unchanged for women returning from maternity leave, as promotions are based on the recognition of talent and skills, regardless of their origin.

Diversity among employees

Diversity management is an integral part of Human Resources management. Equity, also demonstrated by the regular renewal of the company's Investors in People accreditation, is sought in every area and at all levels: access to training, coaching and stress management, skills transfer, career management, etc.

Cofinimmo is one of the few Belgian real estate companies where there is also a significant presence of women. Furthermore, employees have varied cultural origins and educational backgrounds, which stimulates internal creativity and enhances team performance. Generational diversity, in turn, helps to bring together experience and innovation, and in this way find reproducible solutions.

Achievements in 2018

Recruitment

In 2018, Cofinimmo recruited 13 new colleagues in Belgium and three in France. Among these, three of them are under 26 years old and one is aged over 50. The company's outlook on talent aims to be diverse and open to all types of profiles. The company's performance in terms of sensitive ratios (age, origin, etc.) continues to be a focus for the Group's human resources department.

Staff management

Cofinimmo presents the Diversity Charter, which is an integral part of the 'Welcome pack', to all new employees on their first day.

Communication

Today, the company's external communication regarding its commitment to diversity is mainly through documents such as the Annual Financial Report, the Sustainability Report and the website.

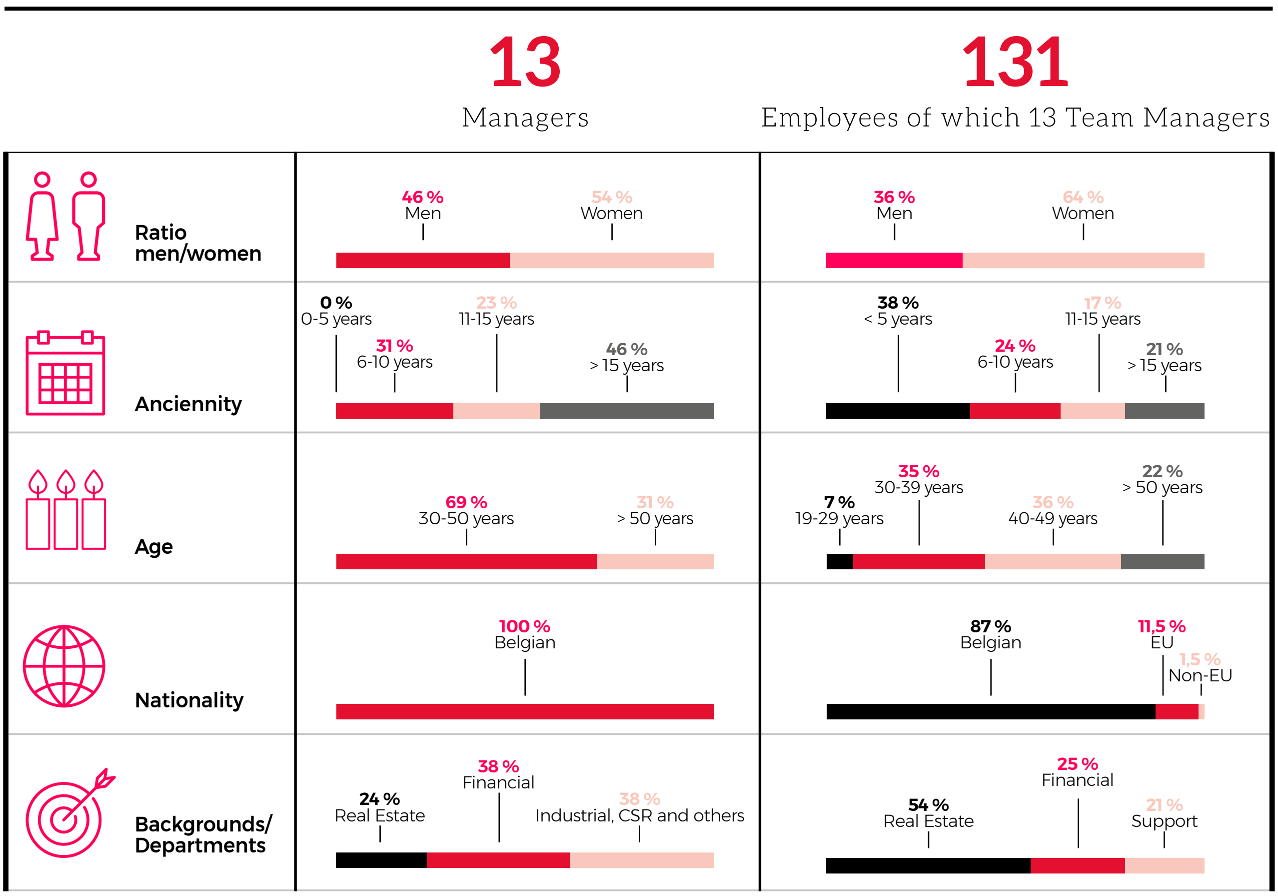
At the same time, Cofinimmo pays specific attention to internal communication by sharing a commitment to openness with all stakeholders. Above all, the company is successful in creating among its employees a shared desire to commit to always performing better.

1 The voting rights attached to the treasury shares held by the Cofinimmo Group have been suspended.

Objectives for 2019

- Pay attention to the ratio of men to women.
- Focus on recruiting young people via a presence at university employment days and the desire to offer traineeships to students during their studies.
- Examine other ways when recruiting a person with reduced mobility and hearing or visually impaired people, via contact with associations specialising in this area.

	Independent members/total	Ratio in %		Age in %		Internationalisation rate in %	Background in %		
		Men	Women	30-50 year	> 50 year		Financial	Real estate	Industrial, CSR and others
Board of Directors	**8/11** (73 %)	**55 %**	**45 %**	**9 %**	**91 %**	**27 %**	**27 %**	**18 %**	**55 %**
Executive Committee	-	**60 %**	**40 %**	**60 %**	**40 %**	-	**20 %**	**40 %**	**40 %**
Audit Committee	**3/3** (100 %)	**33 %**	**67 %**	-	**100 %**	**33 %**	**67 %**	**33 %**	-
Nominaton and Remuneration Committee	**4/4** (100 %)	**75 %**	**25 %**	-	**100 %**	**50 %**	-	**25 %**	**75 %**



Governance structure

Board of Directors

- Decides the company's strategic directions
- Actively oversees the quality of management and its strategy compliance
- Examines the quality of the information given to investors and the public
- Incorporates sustainable development proposals into global strategy
- Provides the company's entrepreneurial leadership
- Monitors risks and opportunities related to climate change

Compliance officer

- Ensures compliance with the Code of Conduct: conflicts of interest, incompatible mandates, compliance with company values, market abuses and manipulations
- Ensures compliance with all the legal and regulatory provisions in force

Audit Committee

- Assists the Board in:
  - the oversight of the auditors independence
  - the process of preparing financial and non-financial information
  - the effectiveness of the company's internal control and risk management mechanisms
  - the internal audit and its effectiveness
  - the legal audit of the annual and consolidated accounts

Executive Committee

- Handles the company's day-to day management, under the chairmanship of the CEO
- Proposes the company's strategy to the Board
- Executes the strategy approved by the Board
- Approves the sustainability proposals submitted by the Sustainability Committee

Nomination, remuneration and corporate governance committee

- Advises and assists the Board with all issues related to:
  - the composition of the Board, its committees and the Executive Committee
  - the selection, evaluation and appointment of the members of the Board and of the Executive Committee
  - the remuneration policy for the members of the Board and Executive Committee
  - the corporate governance

Internal auditor

- Carries out all verification tasks based on the Audit Committee's directives
- Reviews the reliability, consistency and integrity of information and operational procedures
- Reviews the systems implemented to ensure that the organisation complies with the rules, plans, procedures, laws and regulations that may have a significant impact on its operations

Sustainability Committee

- Communicates the Group's achievements to all stakeholders under the chairmanship of the Head of Property Services & CSR, reporting directly to a member of the Executive Committee
- Evaluates and manages risks and opportunities related to climate change
- Proposes specific and economically reasonable measures to improve the environmental performance of the company, its portfolio and, by extension, the spaces occupied by its tenants
- Ensures that the Group complies with legal, national and international environmental requirements, with the support of the Environmental Manager who is a member of the Sustainability Committee
- Follows in the field, in collaboration with the operational teams, the implementation of the Group's environmental strategy in all business segments
- Promotes dialogue with all stakeholders in order to determine where efforts must be made and to develop long-term partnerships which will increase the positive impact of the actions implemented

Decision-making bodies

Board of directors

Current composition

According to the general principles governing the composition of the Board, as adopted on a proposal by the Nomination, Remuneration and Corporate Governance Committee, the Board currently comprises 11 Directors, including eight Non-Executive and independent as meant by Article 526ter of the Company Code, and three Executive Directors (members of the Executive Committee).

Directors are appointed for a maximum of four years by the General Shareholders' Meeting and may be dismissed in the same way at any time. They are re-electable.

The Independent Directors strictly comply with the independence criteria set out in Article 526ter of the Belgian Company Code and Appendix A of the 2009 Corporate Governance Code.

The goal of reaching a ratio of at least one third of the members of the Board whose gender is different from that of the other members, in accordance with Article 518bis of the Company Code with regard to gender diversity in the Board of Directors, is met since 2016. The Board of Directors is indeed composed of five women and six men, a mix ratio of 45 %, far above of the one third set by law. Cofinimmo also sponsors the activities of the non-profit association 'Women on Board', which aims to promote the presence of women on the Board of Directors. Françoise Roels, director and member of the Executive Committee, is one of the founding members of this non-profit organisation and has been its chair since May 2016.

Mr. Jacques van Rijckevorsel

Independent Director, Chairman of the Board of Directors and Chairman of the Nomination, Remuneration and Corporate Governance Committee

- **Gender**: M
- **Nationality**: Belgian
- **Year of birth**: 1950
- **Start of term**: 10.05.2017
- **Last renewal**: -/-
- **End of term**: 12.05.2021
- **Current position**: Chairman of the Board of Directors of Cliniques Universitaires Saint-Luc (UCL) (Avenue Hippocrate/Hippocrateslaan 10, 1200 Brussels)
- **Current mandates**: Cliniques Universitaires Saint-Luc, Duve Institute, N-Side, Fondation Médicale Reine Elisabeth, Comité de Gestion des Amis de l'Abbaye de la Cambre, Fondation Saint-Luc, Fondation Louvain, Louvain School of Management, Consultative Committee of ING Brussels, Capricorn Sustainable Chemistry Fund, Guberna
- **Previous mandates**: Solvay and several subsidiaries, CEFIC, Plastics Europe, Belgian-Luxembourg Chamber of Commerce for Russia and Belarus, Synergia Medical

Mr. Jean-Pierre Hanin

Managing Director

- **Gender**: M
- **Nationality**: Belgian
- **Year of birth**: 1966
- **Start of term**: 09.05.2018
- **Last renewal**: -/-
- **End of term**: 11.05.2022
- **Current position**: Chief Executive Officer of Cofinimmo SA/NV (Boulevard de la Woluwe/Woluwedal 58, 1200 Brussels)
- **Current mandates**: various mandates in Cofinimmo Group subsidiaries
- **Previous mandates**: Lhoist Group, Etex

Mr. Jean Kotarakos
Executive Director

- **Gender**: M
- **Nationality**: Belgian
- **Year of birth**: 1973
- **Start of term**: 09.05.2018
- **Last renewal**: -/-
- **End of term**: 11.05.2022
- **Current position**: Chief Financial Officer of Cofinimmo SA/NV (Boulevard de la Woluwe/Woluwedal 58, 1200 Brussels)
- **Current mandates**: various mandates in Cofinimmo Group subsidiaries
- **Previous mandates** : Aedifica SA/NV and various mandates in Aedifica Group subsidiaries

Mrs. Françoise Roels
Executive Director

- **Gender**: F
- **Nationality**: Belgian
- **Year of birth**: 1961
- **Start of term**: 27.04.2007
- **Last renewal**: 10.05.2017
- **End of term**: 12.05.2021
- **Current position**: Chief Corporate Affairs & Secretary General of Cofinimmo SA/NV (Boulevard de la Woluwe/Woluwedal 58, 1200 Brussels)
- **Current mandates**: several mandates in Cofinimmo Group subsidiaries, Guberna, EPRA Regulatory & Tax Committee, Women on Board ASBL/VZW, Aspria Holdings BV, SIA
- **Previous mandates**: Euroclear Pension Fund

Mrs. Inès Archer-Toper
Independent Director, member of the Audit Committee

- **Gender**: F
- **Nationality**: French
- **Year of birth**: 1957
- **Start of term**: 08.05.2013
- **Last renewal**: 10.05.2017
- **End of term**: 12.05.2021
- **Current position**: Partner of Edmond de Rothschild Corporate Finance SA (Rue du Faubourg Saint Honoré 47, 75401 Paris CEDEX 08, France)
- **Current mandates**: Aina Investment Fund (Luxembourg) and Orox Asset Management SA (Switzerland), two entities of Edmond de Rothschild Group, Gecina SA (France), Lapillus OPCI
- **Previous mandates**: Segro PLC SA (United Kingdom), Axcior Immo and Axcior Corporate Finance SA (France)

Mr. Olivier Chapelle
Independent Director, member of the Nomination, Remuneration and Corporate Governance Committee

- **Gender**: M
- **Nationality**: Belgian
- **Year of birth**: 1964
- **Start of term**: 11.05.2016
- **Last renewal**: -/-
- **End of term**: 13.05.2020
- **Current position**: Chief Executive Officer (CEO) of Recticel SA/NV (Avenue des Olympiades/Olympiadelaan 2, 1040 Brussels)
- **Current mandates**: Guberna, Fédération des Entreprises Belges (FEB/VBO)
- **Previous mandates**: Amcham, Essenscia

Mr. Xavier de Walque
Independent Director, Chairman of the Audit Committee

- **Gender**: M
- **Nationality**: Belgian
- **Year of birth**: 1965
- **Start of term**: 24.04.2009
- **Last renewal**: 11.05.2016
- **End of term**: 13.05.2020
- **Current position**: member of the Executive Committee and Chief Financial Officer of Cobepa SA/NV (Rue de la Chancellerie/Kanselarijstraat 2/1, 1000 Brussels)
- **Current mandates**: several mandates in Cobepa Group subsidiaries (Cobepa Nederland, Cobepa North America, Cosylva, Financière Cronos, Puccini Partners, Ibel, Mascagna, Mosane, Sophielux 1, Sophinvest, Ulran), JF Hillebrand AG, AG Insurance, Degroof Equity, Guimard Finance
- **Previous mandates**: Cobib, Cobic, Cobsos, Groupement Financier Liégeois, Kanelium Invest, SGG Holdings, Sapec, Sophielux 2, Sofireal (now Cobid)

Mr. Maurice Gauchot
Independent Director, member of the Nomination, Remuneration and Corporate Governance Committee

- **Gender**: M
- **Nationality**: French
- **Year of birth**: 1952
- **Start of term**: 11.05.2016
- **Last renewal**: -/-
- **End of term**: 13.05.2020
- **Current position**: Company director (Avenue Pierre Ier de Serbie 16, 75116 Paris, France)
- **Current mandates**: Stone Estate (Zurich), Codic SA/NV
- **Previous mandates**: CBRE Holding France

Mrs. Diana Monissen
Independent Director, member of the Nomination, Remuneration and Corporate Governance Committee

- **Gender**: F
- **Nationality**: Dutch
- **Year of birth**: 1955
- **Start of term**: 11.05.2016
- **Last renewal**: -/-
- **End of term**: 13.05.2020
- **Current position**: Chief Executive Officer (CEO) of Prinses Maxima Centrum voor Kinderoncologie (Lundlaan 6, 3584 EA Utrecht, the Netherlands)
- **Current mandates**: Culturele Hoofdstad
- **Previous mandates**: MC Slotervaart

Mrs. Cécile Scalais
Independent Director

- **Gender**: F
- **Nationality**: Belgian
- **Year of birth**: 1955
- **Start of term**: 10.05.2017
- **Last renewal**: -/-
- **End of term**: 12.05.2021
- **Current position**: Legal director of Belfius Insurance SA/NV (Place Charles Rogierplein 11, 1210 Brussels)
- **Current mandates**: Auxiliary of Participation SA/NV, Charlin SA/NV, Bi New Co SA/NV and several mandates in real estate companies
- **Previous mandates**: Eurco Ireland Ltd, AIS Consulting SA/NV, International Wealth Insurer SA/NV, North Light SA/NV, Pole Star SA/NV and several mandates in real estate companies

Mrs. Kathleen Van den Eynde
Independent Director, member of the Audit Committee

- **Gender**: F
- **Nationality**: Belgian
- **Year of birth**: 1962
- **Start of term**: 13.05.2015
- **Last renewal**: -/-
- **End of term**: 08.05.2019
- **Current position**: Member of the Executive Committee of Allianz Benelux and Chief Life, Health & Investment Management (Rue de Laekenstraat 35, 1000 Brussels)
- **Current mandates**: Allianz Nederland Levensverzekering NV, Allianz Life Luxembourg SA, UP 36 SA/NV, SCOB SA, Climmolux SA
- **Previous mandates**: Assurcard, Allianz Benelux SA/NV, Allianz Nederland Asset Management BV, Allianz Nederland Group NV

Terms completed during 2018

As a reminder, the term of Mr. Jean-Edouard Carbonnelle, former Chief Executive Officer and Managing Director, expired at the end of the Ordinary General Meeting of 09.05.2018.

Mr. Jérôme Descamps, former Chief Financial Officer and Director, resigned his position as Director and Chief Financial Officer on 08.02.2018.

Mr. Xavier Denis, Chief Operating Officer and Director of the Group, resigned his position as Director on 21.05.2018 and his position as Chief Operating Officer on 31.05.2018.

Director renewals and appointments

The General Meeting of 09.05.2018 approved the appointments of Mr. Jean-Pierre Hanin and Mr. Jean Kotarakos as Executive Directors. Their terms run until 11.05.2022.

Subject to approval by the FSMA and the General Meeting of 08.05.2019, the Board of Directors will propose the renewal of Mrs. Kathleen Van den Eynde and the appointment of Mr. Benoit Graulich as Independent Directors within the meaning of Article 526ter of the Company Code. Their mandate will expire on 09.05.2023.

Taking into account the proposal for renewal and appointment at the General Meeting of 08.05.2019, the Board of Directors will again be composed of 12 members.

The Board of Directors' rules of operation are detailed in the Corporate Governance Charter which can be consulted on the website www.cofinimmo.com.

Board of Directors' activity report

The Board of Directors must meet at least eight times a year. Special circumstances can require one or more additional Board meetings. The Board met ten times in 2018.

The members of the Board receive documents before each meeting enabling them to study the proposals made by the Executive Committee on which they will have to take a decision. Decisions are passed by a simple majority of votes. In the event of a tie vote, the Chairman's vote is decisive.

In addition to recurrent subjects, the Board also took decisions on various matters in 2018, including:

- Cofinimmo's strategy and development;
- analysis and approval of investments, divestments and (re)development projects;
- granting of a 99-year leasehold on the Egmont I and II office buildings;
- final submission for the NEO II Public-Private Partnership;
- the acquisition of 17 healthcare real estate assets in Germany;
- the capital increase by public offering in cash with irrevocable allocation rights within the framework of the authorised capital;
- the amendment of the internal regulations of the Board of Directors as part of a review of the Corporate Governance Charter;
- the evaluation of the Executive Committee, setting of tis objectives, fixed and variable remuneration;
- the recruiting of candidates for the position of Chief Executive Officer and Chief Financial Officer;
- the proposal to the Ordinary General Meeting of 09.05.2018 to appoint Mr. Jean-Pierre Hanin and Mr. Jean Kotarakos as Executive Directors;
- the appointment of Mr. Sébastien Berden and Mrs. Yeliz Bicici as members of the Executive Committee;
- internal organisation of the company;
- its own evaluation.

Audit Committee

Current composition

The Audit Committee is made up of three Directors, all independent as meant by Article 526ter of the Company Code. They are Mr. Xavier de Walque (Chairman), Mrs. Inès Archer-Toper and Mrs. Kathleen Van den Eynde. The Chairman of the Board of Directors and the members of the Executive Committee are not members of the Audit Committee. They attend the meetings, but are not entitled to vote.

The Chairman of the Audit Committee is appointed by the members of the Committee. The members of the Audit Committee must be experts in the Company's field of activities. At least one member must have accounting and auditing expertise.

The current composition of the Audit Committee and the tasks it has been assigned meet the requirements of the Law of 17.12.2008 concerning the creation of an Audit Committee in listed and financial companies and by the Law of 07.12.2016. The Audit Committee's operating rules are detailed in the Corporate Governance Charter which can be consulted on the website www.cofinimmo.com.

Audit committee activity report

The Audit Committee met on five occasions during 2018.

It addressed matters that fall within its remit as defined in the Corporate Governance Charter and the Law of 17.12.2008: to guarantee the accuracy and truthfulness of the reporting of Cofinimmo's annual and half-yearly accounts, the quality of internal and external audits and of the information provided to the shareholders.

The Audit Committee also addressed the following points:

- review of the recommendations made by the Auditor concerning internal audit procedures;
- review of the Auditor's conclusions on IT procedures;
- review of major risks;
- review of the list of incidents;
- review of the risks and the measures taken in matters of fraud;
- review of the internal valuation of assets;
- review of hedging policy;
- review of non-financial information to be published in the Annual Financial Report;
- review of the implementation of the legislation concerning the processing of personal data;
- review of new legislation;
- modification of the internal rules of the Audit Committee as foreseen in the Corporate Governance Charter;
- its self assessment.

Nomination, Remuneration and Corporate Governance Committee

Current composition

The Nomination, Remuneration and Corporate Governance Committee (NRC) is made up of four Independent Directors as meant by Article 526ter of the Company Code. They are Mr. Jacques van Rijckevorsel (Chairman), Mr. Olivier Chapelle, Mr. Maurice Gauchot and Mrs. Diana Monissen. The members of the Executive Committee are not members of the NRC.

The current composition of the NRC and the tasks it has been assigned fulfil the conditions of the Law of 06.04.2010, inserting an Article 526quater in the Company Code. The NRC's operating rules can be viewed in the Corporate Governance Charter. It can be consulted on the website www.cofinimmo.com.

Nomination, Remuneration and Corporate Governance Committee activity report

The Committee met six times in 2018.

The main topics covered were:

With respect to remuneration:

- review of the remuneration policy for the members of the Executive Committee and determination of the remuneration of the Executive Directors ensuring that it remains in line both with market levels and their duties;
- the preparation of a remuneration report.

With respect to the composition of the Board of Directors:

- the search process for two new Executive Directors, members of the Executive Committee, with analysis of the existing skills on the Board and those that need to be provided following the expiration of the term of Mr. Jean-Edouard Carbonnelle and the resignation of Mr. Jérôme Descamps and Mr. Xavier Denis. The analysis resulted in the proposal to the Ordinary General Meeting of 09.05.2018 to appoint Mr. Jean-Pierre Hanin as Managing Director and Mr. Jean Kotarakos as Executive Director.

With respect to the composition of the Executive Committee:

- the internal promotion of two staff members as members of the Executive Committee.

With respect to corporate governance:

- review of the Corporate Governance Charter.

With respect to its operation:

- its self assessment.

Executive committee

Current composition

Following the end of the term of Mr. Jean-Edouard Carbonnelle, Managing Director and Chief Executive Officer, and the resignation of Mr. Jérôme Descamps and Mr. Xavier Denis, Executive Directors and respectively Chief Financial Officer and Chief Operating Officer, the composition of the Executive Committee has been extensively reviewed. As at 31.12.2018, the Executive Committee was composed of four new members through the external recruitment of Mr. Jean-Pierre Hanin and Mr. Jean Kotarakos, and the internal promotion of two staff members, Mr. Sébastien Berden and Mrs. Yeliz Bicici.

The Executive Committee, in accordance with Article 524bis of the Company Code, is now composed of five members. In addition to its Chairman, Mr. Jean-Pierre Hanin (Chief Executive Officer), it includes the following other members: Mr. Jean Kotarakos (Chief Financial Officer), Mrs. Françoise Roels (Chief Corporate Affairs & Secretary General), Mr. Sébastien Berden (Chief Operating Officer Healthcare) and Mrs. Yeliz Bicici (Chief Operating Officer Offices).

Each member of the Executive Committee has a specific area of responsibility. The Committee meets weekly. It is responsible for the Company's operational management.

In accordance with Article 14 of the Law of 12.05.2014 concerning Regulated Real Estate Companies, the members of the Executive Committee are directors as meant by this Article and are also responsible for the day-to-day running of the Company.

The Executive Committee's operating rules are detailed in the Corporate Governance Charter. The charter can be consulted on the website www.cofinimmo.com.

Jean-Pierre Hanin
Chief Executive Officer

Jean-Pierre Hanin joined Cofinimmo in February 2018. He has a licentiate degree in Law from the KUL (Catholic University of Leuven). He also holds a Master in Tax Management from the Solvay Business School and a LL.M from Georgetown University. He started his career as a business lawyer. He then joined various international groups where he took up financial and management positions, among which Chief Financial Officer and Chief Executive Officer of Lhoist Group, global leader in lime and dolime. More recently, he was Chief Financial Officer then manager of the 'Building Performance' division of the construction materials group Etex. His functions led him to operate in various regions all over the world for over 20 years, and to carry out both consolidation and development activities.

Jean Kotarakos
Chief Financial Officer

Jean Kotarakos joined Cofinimmo in June 2018. He holds a degree in Commercial Engineering from the Solvay Brussels School of Economics and Management (ULB). Since 2010, he has been teaching there in the Executive Programme in Real Estate. After working approximately ten years for KPMG and D'Ieteren, he joined Aedifica where he took up the Chief Financial Officer function since 2007. During his career, he took on various financial positions within companies, always contributing to their success.

Françoise Roels
Chief Corporate Affairs & Secretary General

Françoise Roels joined Cofinimmo in August 2004. She is the head of the legal department and is in charge of the Company's General Secretariat and the compliance and risk management functions. She is also responsible for matters involving shareholders and relations with the Belgian financial supervisory authorities. She supervises the Company's Human Resources and Tax departments. Before joining Cofinimmo, Françoise Roels worked for the Loyens law firm, for Euroclear/JP Morgan and for the Belgacom Group. She was responsible for Tax Affairs and Corporate Governance. She is a Law graduate (RUG 1984), candidate in Philosophy (RUG 1984) and holds a master's degree in Taxation (École Supérieure des Sciences Fiscales 1986).

Sébastien Berden
Chief Operating Officer Healthcare

Sébastien Berden started his career in 1998 at KPMG successively as Financial Auditor and Corporate Finance Consultant. He joined Cofinimmo in 2004, first as Investor Relations Officer, then as Development Manager Healthcare, followed by Head of Healthcare, a position that he held since 2011. He has been a linchpin in the development of Cofinimmo's healthcare real estate portfolio and will be able to make an even greater contribution to its expansion with his new position.

Yeliz Bicici
Chief Operating Officer Offices

Yeliz Bicici joined Cofinimmo in 2008. She was Property Manager, Area Manager and finally Development Manager before becoming Head of Development in 2014. Thanks to her extensive experience in the real estate sector, she contributed decisively to the development of important projects for Cofinimmo. Before joining Cofinimmo, she worked for Robelco and Uniway.

Evaluation of the performance of the Board of Directors and its Committees

Under the direction of its Chairman, the Board of Directors conducts regular evaluations, at least every two or three years, of its size, composition and performance and of that of its Committees as well as its interaction with the Executive Committee. The four objectives of this analysis are to:

- appraise the functioning of the Board of Directors or the Committee concerned;
- verify that important matters are being prepared and discussed adequately;
- evaluate the actual contribution of each Director by their presence at Board of Directors and Committee meetings, and their constructive involvement in the discussions and decision-making;
- validate whether the current composition of the Board of Directors and the Committees is appropriate.

When a Director's term is up for renewal, the Board proceeds with an assessment of the Director under the guidance and with the contribution of the NRC. On this occasion, the NRC reviews the Board members' skills/experience grid and ensures that the Board's composition continues to be appropriate. The NRC then makes recommendations regarding the renewal of terms that are about to expire to the Board of Directors which decides to submit them to the General Meeting.

In 2018, with the help of an external consultant, the Board carried out an in-depth evaluation in the context of the changes of the Presidency in 2017 and of the Executive Committee in 2018. The main themes were the practical organisation, the information flow, governance, dynamics and processes and finally strategic alignment. These five areas were reviewed and each was the subject of findings and recommendations for improvement.

The Non-Executive Directors carry out an annual evaluation of their interaction with the Executive Committee. The evaluation is put on the agenda of a restricted Board of Directors meeting from which the members of the Executive Committee are absent.

Management

The Executive Committee is assisted by a team of managers. Each manager reports directly to one of the members of the Executive Committee and assumes specific managerial responsibility. As of 31.12.2018, the team of managers is composed of the following persons:

Nom	Fonction
Chantal Cabuy	Chief Human Resources Officer
Hanna De Groote	Environmental Manager
Valérie De Vos	Head of Information Management
Steve Deraedt	Head of Information Technology
Ellen Grauls	Head of External Communication & Investor Relations
Jimmy Gysels	Head of Property Management & Business Unit Pubstone
Dirk Huysmans	Head of Offices
Jonathan Hubert	Head of Control
Valérie Kibieta	Head of Treasury & Project Financing
Stéphanie Lempereur	Head of Mergers and Acquisitions
Pascale Minet	Head of Accounting
Valéry Smeers	Head of Tax
Domien Szekér	Head of Project Management
Jean Van Buggenhout	Head of Property Services & Corporate Social Responsibility
Caroline Vanstraelen	Sr. Corporate Legal Officer
Sophie Wattiaux	Sr. Corporate Legal Officer

Rules and procedures

Conflict of interest rules

In compliance with Article 523 of the Company Code, any member of the Board of Directors who, whether directly or indirectly, has a financial interest which conflicts with a decision or operation involving the Board of Directors, may not attend the proceedings of this Board.

Under certain specific circumstances, when there are transactions with conflicting interests should arise between Belfius Insurance and Cofinimmo or between Allianz Benelux and Cofinimmo, the situations could result in the application of Article 523 of the Company Code and be qualified as potential conflicts of interest for Mrs. Cécile Scalais, Director appointed on the recommendation of Belfius Insurance, and for Mrs. Kathleen Van den Eynde, Director appointed on the recommendation of Allianz Benelux.

In 2018, two decisions resulted in the application of Article 523 of the Company Code.

During the session of 08.02.2018, the Board of Directors deliberated on the Board of Directors' assessment of the 2017 objectives, fixed remuneration for 2018 and variable remuneration for 2017 for the members of the Executive Committee, as well as on the Executive Committee's objectives for the 2018 financial year. During the session of 28.06.2018, the Board of Directors deliberated on the attribution of Stock Appreciation Rights to Mrs. Françoise Roels.

Extract of the minutes of the Board of Directors meeting of 08.02.2018

"NRC report, e.g. (decision)

The members of the Executive Committee leave the session.

Pursuant to Article 523 of the Company Code, the members of the Executive Committee, being Mr. Carbonnelle, Mr. Denis, Mr. Descamps and Mrs. Roels stated that they had an interest which conflicted with the Company's and of which the Auditor had been informed.

Following an extensive review of the services provided by, and accomplishments of, the Executive Committee in 2017, the Board address the subject of the salary package of the Executive Committee members.

Fixed remuneration

On the proposal of the NRC, the board decides to review the fixed annual remuneration of the members of the Management Committee, with effect from 01.01.2018, as follows:

- Mrs. Roels and Mr. Denis: 290,000 EUR
- Mr. Carbonnelle: 361,800 EUR

Variable remuneration

On the recommendation of the Nomination, Remuneration and Corporate Governance Committee, the Board assessed the accomplishments of the Executive Committee as follows:

- the net result from core activities per share (15 %);
- the cost/income ratio (15 %);
- the office occupancy rate (14 %);
- the management of large-scale projects (11 %);
- other (17 %).

The result was a variable remuneration of 54 % (72 % of 75 %) of 2017 annual fixed remuneration:

- Mr. Carbonnelle:
  349,300 EUR x 54 % = 188,622 EUR;
- Mr. Denis and Mrs. Roels:
  280,000 EUR x 54 % = 151,200 EUR;
- The variable remuneration for Mr. Descamps is fixed at 119,500 EUR following the agreement reached on 31.10.2017.

Half of the variable remuneration granted to the members of the Executive Committee (with the exception of Mr. Descamps) is subject to the Phantom Stock Plan rules with payment spread over time according to the rules of the plan. Part of the other half will be allocated in the form of pension promises as follows:

- Mr. Carbonnelle: 94,311 EUR;
- Mrs. Roels: 40,000 EUR.

On proposal of the Nomination, Remuneration and Corporate Governance Committee, the Board defined the 2018 objectives of the Executive Committee as follows:

- the net result from core activities per share (10 %);
- the office occupancy rate (10 %);
- the cost/income ratio (10 %);
- the strategic development (40 %);
- the management of large-scale projects (15 %);
- other (15 %)."

Extract of the minutes of the Board of Directors meeting of 28.06.2018

"NRC report (decision)

Pursuant to Article 523 of the Company Code, Françoise Roels announces that it has a conflicting interest of a patrimonial nature in that of the company, which the Statutory Auditor has been informed of, and therefore does not participate in the discussions.

On the recommendation of the NRC, the Board decides to allocate to F. Roels the same number of "Stock Appreciation Rights" (SAR) as for the 2016 performance (1,600 units) and this by applying the terms of the 2017 plan. This would be the last attribution under this plan. The Commission approves this recommendation."

During the 2018 financial year, no decision or transaction gave rise to the application of Article 524 of the Company Code.

In addition, Article 37 of the Law of 14.05.2014 on Regulated Real Estate Companies provides for special provisions when one of the persons referred to in this Article acts as counterparty in an operation with the RREC or one of the companies within its scope. During the year 2018, the Company applied this provision twice:

- as part of the signing of agreements allowing BPI Real Estate Belgium to build a 99-year long lease on the Serenitas and Moulin à Papier/Papiermolen office buildings, BPI Real Estate Belgium being a company of the Belgian industrial group CFE , the latter having a participation link with subsidiaries of Cofinimmo (BPG CONGRES SA/NV and BPG HOTEL SA/NV);
- in connection with the purchase of the remaining shares of Cofinimmo's subsidiary, RHEASTONE SA/NV, held by SENIOR ASSIST for 2.62 %.

Code of conduct

The Code of Conduct explicitly stipulates that the members of the company bodies and of the personnel must refrain from seeking from third parties, and refuse any remuneration, in cash or in kind, or any personal advantages offered by reason of their professional association with the Company.

Reporting of irregularities

A whistleblowing procedure was implemented to report irregularities which covers situations in which an employee of the company, and generally, any person working on behalf of the company, reports a concern about an irregularity they have observed affecting or potentially affecting third parties including clients, suppliers, other members of the company, the company itself (its assets, income, or its reputation), its subsidiaries or the public interest.

Acquisition and sale of Cofinimmo shares (insider trading)

In accordance with the principles and values of the Company, a Dealing Code containing the rules which must be followed by Directors and Designated Persons wishing to trade the financial instruments issued, is provided for in the Corporate Governance Charter. The Dealing Code specifically prohibits the purchase and sale of Cofinimmo shares during the period running from the day after each quarter's closing date up until (and including) the publication of the annual, half-yearly or quarterly results. As part of the implementation of the Belgian Corporate Governance Code at Cofinimmo, the rules of the Dealing Code have been aligned with Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16.04.2014 on market abuse, the fair presentation of investment recommendations and the reporting of conflicts of interest.

Judicial and arbitration procedures

The Executive Committee declares that there is no government intervention, proceeding or arbitration procedure that could have a significant impact, or may have had such an impact in the recent past, on the financial position or profitability. In addition, to the knowledge of the Executive Committee, there are no situations or facts which could give rise to such government intervention, proceeding or arbitration procedure.

Compliance officer and risk management

Mrs. Françoise Roels, Chief Corporate Affairs and Secretary General, is the Compliance Officer. Her duties involve ensuring that the Code of Conduct as well as, more generally, all prevailing laws and regulations are complied with. She is also the company's Risk Manager within the Executive Committee and is responsible for identifying and managing events potentially affecting the organisation.

Internal audit

Ms Sophie Wattiaux is responsible for Internal Audit. Her duties involve examining and assessing the smooth running, effectiveness and relevance of the internal control system.

Research and development

No research and development activities were carried out during 2018, except for the construction and large-scale renovation projects which are mentioned in the chapter 'Transactions and achievements in 2018'.

Power of representation

Article 17 of the Articles of Association stipulates that the Company must be represented in all its acts by two Directors or, within the limits of the powers conferred on the Executive Committee, by two members of that Committee acting jointly. The following persons may, therefore, represent and validly commit the Company for all acts and all obligations with regard to all third parties or authorities, public or private, by the joint signature of two of them:

- Mr. Jean-Pierre Hanin, Chief Executive Officer, Chairman of the Executive Committee;
- Mr. Jean Kotarakos, Executive Director, member of the Executive Committee;
- Mr. Françoise Roels, Executive Director, member of the Executive Committee;
- Mr. Sébastien Berden, member of the Executive Committee;
- Mrs. Yeliz Bicici, member of the Executive Committee.

A specific delegation of powers is also organised by the Executive Committee under the notarial act of 01.10.2018, published in the Belgian Official Gazette (Moniteur Belge/ Belgisch Staatsblad) of 16.10.2018, for leases and endorsements, works, loans, borrowings, credit facilities and collaterals and hedging operations, information and communication technologies, human resources, tax management, fund transfer operations and insurance operations.

Cofinimmo's Articles of Association

Extracts from the Articles of Association are published on pages 260 to 267 of this Annual Financial Report. The most recent updates were made at the Board of Directors' meetings of 02.02.2018, 09.05.2018, 02.07.2018, 01.10.2018 and 08.02.2019.

Information required under Article 34 of the Royal Decree of 14.11.2007

In accordance with Article 34 of the Royal Decree of 14.11.2007 on the obligations of issuers of financial instruments admitted to trading on a regulated market, the company discloses and, where appropriate, explains the factors likely to have an impact in the event of a takeover bid.

Capital structure

At this Report's cut-off date, the share capital is set at 1,232,176,076.34 EUR and is divided into 22,993,248 fully paid up shares, each of which represents an equal share, of which 22,311,112 ordinary shares, representing 97.03 % of the share capital, and 682,136 preference shares consisting of a series of 395,011 P1 preferred shares and a series of 287,125 P2 preference shares, representing respectively 1.72 % and 1.25 % of the share capital. Each preference share carries a dividend payable by priority over the dividends payable on the ordinary shares. The gross annual value of the priority dividend is 6.37 EUR per preference share.

Preference shares are convertible into ordinary shares at the option of their holders exercised in the cases referred to in Article 8.2 of the Articles of Association. Specifically, preference shares are convertible into ordinary shares, in one or more tranches, at the option of their holders exercised in the following cases:

- during the ten final calendar days of each calendar quarter;
- at any time during a period of one month following the notification of the implementation of the promise of sale referred to below; and,
- in the event of the Company being liquidated, during a period starting 15 days after the publication of the liquidation decision and ending on the day before the General Meeting convened to conclude the liquidation process.

Conversion will occur at the rate of one ordinary share for one preference share. Conversion is deemed to take effect on the date the conversion application is sent. The conversion request must be addressed to the company by the holder of the preference shares by registered post, indicating the number of preference shares for which conversion is requested. The holders of preference shares received a letter before 01.05.2009, the start of the first conversion opportunity, containing information on the procedure to be followed.

The subscription or acquisition of preference shares implies a commitment to sell the shares to a third party designated by the company (call option) as of the 15th year (2019) following their issue, subject to the conditions and in accordance with the procedure defined in Article 8 of the Articles of Association. Finally, the preference share has priority in the event of liquidation.

On 15.09.2016, the Company issued convertible bonds into ordinary shares, expiring on 15.06.2021. The issue was for 1,502,196 convertible bonds with a nominal value of 146.00 EUR for a total amount of 219,320,616.00 EUR. The convertible bonds enable their holders to receive ordinary Cofinimmo shares at a ratio of one for one. At the time of the conversion, however, the company will have the option of providing new and/or existing shares, a cash payment, or a combination thereof. The exchange parity will be partially adjusted based on the level of the dividend beyond a certain threshold and based on the normal anti-dilution provisions for this type of issue. The conversion period will be open, at all times, from 26.10.2016 until 06.09.2021.

Bondholders may exercise their conversion right for convertible bonds by submitting a duly completed notification of conversion in accordance with the procedure described in the operating notice for this purpose. The latter can be consulted on the company's website at www.cofinimmo.com.

A total of 1,502,196 bonds convertible into ordinary shares issued on 15.09.2016 are currently outstanding. If all outstanding bonds were converted, a maximum of 1,528,533 ordinary shares would be created, conferring the same number of voting rights.

Legal, statutory limits to the transfer of shares

The transfer of shares in the company is not subject to any specific legal or statutory limits. All of the company's shares are listed on the regulated market of Euronext Brussels.

Special control rights of shareholders

The company does not have any shareholders benefiting from special control rights.

Control mechanism provided for in case of an employee shareholding system where the control rights are not exercised by the latter

No employee shareholding system has been put in place.

Legal or statutory limits to voting rights

The voting rights of the company's treasury shares are suspended. As at 31.12.2018, the company held 40,347 treasury shares.

Agreements between shareholders, known by the company, which could limit the transfer of shares and/or voting rights

To the company's knowledge, there is no agreement between shareholders that could limit the transfer of shares and/or the exercise of voting rights.

Rules for the nomination and replacement of members of the Board of Directors and for any modification in the Articles of Association.

In accordance with Article 11 of the Articles of Association, the members of the Board of Directors are appointed for four years by the General Meeting and are always revocable by it. The directors are re-eligible.

The term of the director that is not re-elected, ends just after the General Meeting that decides on the re-election. In the event of one or more terms being vacant, the remaining directors in the Board shall have the power to provisionally fill the vacancy until the next General Meeting, when shareholders will have a final decision on the re-election.

Regarding the amendment of the Company's Articles of Association, there is no regulation other than that determined by the Company Code and the RREC act.

Powers of the Board of Directors regarding the issuance or repurchase of shares

The Extraordinary General Meeting of 01.02.2017 granted the Board of Directors renewed authorisation for a period of five years as of the publication in the annexes of the Belgian Official Gazette (Moniteur Belge/Belgisch Staatsblad) of the minutes of the General Meeting.

The Board of Directors is therefore empowered to increase the share capital in one or more tranches up to a maximum of:

1. 1,127,000,000.00 EUR, if the capital increase to be carried out is a capital increase by cash subscription:

   1.1 with either the option to exercise a preferential subscription right for Company shareholders as allowed for by Articles 592 et seq. of the Company Code;

   1.2 or including an irrevocable allocation right for the Company’s shareholders as allowed for in Article 26, §1 of the Law of 12.05.2014 on Regulated Real Estate Companies; and of,

2. 225,000,000.00 EUR for all other forms of capital increases not covered by point 1. above;

it being agreed that, in any event, the capital can never be increased as part of the authorised capital in excess of 1,127,000,000.00 EUR total.

The Board of Directors used this option:

- on 01.06.2017 for a capital increase by a contribution in kind of rights to dividends in the amount of 17,131,419.60 EUR;
- on 02.07.2018 for a capital increase by cash subscription for the amount of 88,012,530.95 EUR.

At 31.12.2018, the amount by which the Board of Directors may increase the subscribed capital within the framework of the authorised capital is (1) 1,021,856,049.45 EUR if the capital increase to be carried out is an increase of capital providing the possibility of exercising a preferential subscription right or irrevocable allocation right and (2) of 207,868,580.40 EUR for any other form of capital increase.

The Board of Directors is specifically authorised, for a period of five years from the publication of the minutes of the Extraordinary General Meeting of 09.05.2018, to acquire, pledge and alienate (even off-market) for account of the Company's own shares, at a unit price which can't be less than 85 % of the closing market price of the day preceding the date of the transaction (acquisition, sale and pledge) and which can't be greater than 115 % of the closing market price of the day preceding the date of the transaction (acquisition, pledge), without Cofinimmo being able at any time to hold more than 10 % of the total number of shares issued. At 31.12.2018, Cofinimmo SA/NV held 40,347 treasury shares.

Important agreements to which the issuer is a party and which take effect, are modified or terminated in the event of a change of control following a takeover bid

The history of the important agreements to which the issuer is a party and which take effect, are modified or terminated in the event of a change of control following a takeover bid prior to 2018 can be consulted in the Annual Financial Report of 2017 and previous years. These documents are available on the website www.cofinimmo.com. In 2018, Cofinimmo has not concluded such agreements.

Agreements between the issuer and the members of the Board of Directors which provide for indemnities if the members of the Board of Directors resign or have to leave office without good reason or if the employment of staff terminates due to a takeover bid

The contractual conditions of the Directors who are members of the Executive Committee are described on page 149 of this Report.

The former members of the Executive Committee, Françoise Roels and the Management benefited from a stock option plan. In the event of a merger, (partial) demerger or demerger of shares of the company or other similar transactions, the number of outstanding options at the date of the transaction and their respective exercise prices may be adapted in line with the exchange rate applied to the existing company shares. In this case, the Board of Directors will determine the precise conditions for this adaptation. In the event of a change in control, the options accepted are immediately and fully vested and become exercisable with immediate effect. The last options granted were in the 2016 financial year, and there have been no other options since the Board decided to abandon the granting of such options as of 2017. Options granted in the past remain valid.

Remuneration report[1]

This remuneration report complies with the provisions of the 2009 Corporate Governance Code and of Article 96 §3, point 2, of the Company Code, as introduced by the law of 06.04.2010, which amends the Company Code.

Internal procedures

Non-Executive Directors

The policy adopted by the Ordinary General Meeting of 28.04.2006 on the proposal of the Board of Directors and the NRC remains in effect. It was supplemented in 2016 by measures to 1) compensate the Non-Executive Directors participating in physical meetings for the additional time they devote to their mandate in relation to that devoted to it by a Director residing in Belgium and 2) to obligate Non-Executive directors to hold shares in the company.

In February 2019, the NRC carried out a comparison with the remuneration of the Non-Executive Directors of other Belgian listed companies of similar size. The aim was to ensure that remuneration was still appropriate and in line with market practice taking into account the Company's size, its financial situation and position within the Belgian economic environment, and the level of responsibility assumed by the Directors. Based on the recommendation of the NRC, the Board of Directors decided that the remuneration policy adopted by the Ordinary General Meeting of 28.04.2006 could be maintained.

Members of the Executive Committee

Following the appointment of four new members of the Executive Committee, a new form of contract was negotiated and put in place. The 2007 corporate contract with the Chief Corporate Affairs & Secretary General continues to apply.

The remuneration of Executive Committee members is determined by the Board of Directors based on the recommendations of the NRC, who analyses the remuneration policy applicable to the members of the Executive Committee annually and checks whether it needs to be changed in order to attract, retain and motivate them, within reasonable limits given the size of the Company. The overall remuneration level, as well as the breakdown of its various components and their terms and conditions are analysed. The analysis includes a comparison with the remuneration policies applicable to the Executive Committee members of other listed and unlisted real estate companies, as well as those of non-real estate companies of a similar size.

At the occasion of the reorganisation of the Executive Committee, a benchmark exercise was conducted and led to a new remuneration policy described below.

The NRC also ensures that the target setting procedure determining variable remuneration is in line with the company's risk appetite. It submits the results of its analysis and any reasoned recommendations to the Board of Directors for a decision.

Remuneration

Remuneration of Non-Executive Directors

The remuneration of the Non-Executive Directors is determined by the General Meeting on the proposal of the Board of Directors and according to the recommendation of the NRC.

In accordance with the decision of the General Meeting of 28.04.2006, the remuneration consists of:

- on one hand, base remuneration of 20,000 EUR for membership on the Board of Directors, 6,250 EUR for membership on a Committee and 12,500 EUR for chairing a Committee;
- and, on the other, Directors' attendance fees of 2,500 EUR per session for participating in the meetings of the Board of Directors, and 700 EUR per session for participating in the meetings of Committees.

Non-Executive Directors residing abroad receive a lump sum of 1,000 EUR per travel to participate in a Board or Committee, this amount covering the additional time they devote to their mandate compared to the time spent by a Director residing in Belgium.

The remuneration of the Chairman of the Board is set at 100,000 EUR per annum for all of their responsibilities, at the level of the Board of Directors and as well as the level of Committees.

Non-Executive Directors do not receive performance-related remuneration.

In order to align the interests of the Non-Executive Directors with those of the shareholders, a mechanism to hold a certain number of shares is set up during their mandate. This mechanism consists in, for Non-Executive Directors who do not hold sufficient Company shares, paying part of their net remuneration in Company shares.

1 This chapter forms an integral part of the statutory and consolidated management report.

The remuneration in shares is applicable to the first 20,000 EUR net payable to a new Non-Executive Director for the first financial year of their term. The shares are subject to an unavailability agreement until the end date of the final term, for any reason whatsoever. The dividends allocated during the unavailability period will be paid at the same time as those of the other shareholders.

Attendance and remuneration of Non-Executive Directors

	Attendance at Board of Directors meetings	Attendance at Nomination, Remuneration and Corporate Governance Committee meetings	Attendance at Audit Committee meetings	Total Remuneration, gross amount and including travel allowances if applicable (in EUR)	Number of shares held as at 31.12.2018
Jacques van Rijckevorsel	10/10	6/6	5/5 (invited)	100,000	400
Inès Archer-Toper	10/10	-/-	4/5	62,050	205
Olivier Chapelle	8/10	6/6	-/-	50,450	335
Xavier de Walque	10/10	-/-	5/5	61,000	538
Maurice Gauchot	10/10	6/6	-/-	65,450	192
Diana Monissen	10/10	6/6	-/-	66,450	181
Cécile Scalais	10/10	-/-	-/-	43,000	0[1]
Kathleen Van den Eynde	8/10	-/-	2/5	47,650	0[1]

Remuneration of the members of the Executive Committee

Changes in the remuneration policy as of 2018

The Board of Directors of Cofinimmo has reviewed its growth ambitions, both in terms of the size of the company and the results to be generated by it. In order to achieve these objectives, a new Executive Committee has recently been set up by attracting certain talents from the market.

In order to achieve these growth and results objectives, the Board of Directors believes that it is essential to align Cofinimmo's remuneration policy with these new ambitions.

On this occasion, an in-depth benchmarking exercise was conducted during the summer of 2018 with the help of consultants specialising in Compensation & Benefits. This exercise took into consideration 31 listed and unlisted[2] real estate companies , both in Belgium and abroad.

Five main conclusions were drawn concerning the remuneration of the members of the Executive Committees of the companies taken in comparison:

- the average fixed compensation of the companies in the benchmark exercise was substantially higher than that of Cofinimmo and in particular that of the CEOs;
- the percentage of the maximum short-term incentive (STI) of the companies in the benchmark exercise was lower than that at Cofinimmo;
- in general, a significant holding of shares or shares of the company concerned and especially in foreign real estate companies;
- the tax and regulatory regime for REITs established in Belgium does not favour the implementation of stock option plans or similar plans having a long-term impact on shareholding. Moreover, no REIT established in Belgium has implemented such plans;
- for STIs, most companies in the benchmark exercise use more financial criteria ('Key Performance Indicator' - KPI).

Based on these findings and in support of the announced growth strategy, the NRC proposed to the Board - who accepted them - the following changes to the remuneration policy:

- a higher annual fixed remuneration to align with the market;
- a short term variable remuneration ('Short Term Incentive - STI') determined according to the realisation of KPIs of a more financial kind and aligned with the company's strategy and with a lower maximum STI percentage compared to the total of the total remuneration package;
- the introduction of a long term variable remuneration ('Long Term Incentive - LTI') determined according to the realisation of mainly financial KPIs and accompanied by the commitment of the members of the Executive Committee to invest the net amount in shares of the com-

1 Given that Mrs. Cécile Scalais and Mrs. Kathleen Van den Eynde are Directors appointed on the recommendation of the Belfius Insurance and Allianz Benelux shareholders, respectively, they are not required to hold shares.

2 Cofinimmo SA/NV, Big Yellow Group PLC, NSI SA/NV, Assura PLC, Icade SA, CLS Holdings PLC, Alstria office Reit-AG, VastNed Retail NV, Mercialys, Safestore Holdings PLC, RDI REIT PLC, Befimmo SA/NV, NewRiver REIT PLC, Klépierre SA, Gecina SA, The Unite Group PLC, Wereldhave SA/NV, Workspace Group PLC, Shaftesbury PLC, LondonMetric Property PLC, Warehouse De Pauw Comm. VA, Great Portland Estates PLC, Eurocommercial Properties SA/NV, Segro PLC, Hammerson PLC, Derwent London PLC, Land Securities Group PLC, The British Land Company PLC, Unibal-Rodamco-Westfield SE, Merlin Properties Socimi SA, Hansteen Holdings PLC.

pany and hold them for a minimum period of three years. The Board of Directors is keen to put in place a remuneration system that aligns the interests of the members of the Executive Committee with those of the shareholders;

- the abandonment of the Stock-options Plan and the Phantom Stock-Unit[1]. Alignment with shareholders is achieved through the implementation of the commitment mentioned below.

The compensation package for the members of the Management Committee is therefore composed of the following elements:

1. Fixed remuneration

The amount of the fixed remuneration of Executive Committee members is determined according to their individual duties and skills. It arises from management agreements and is allocated independently of any result. It is not indexed. For the members of the Executive Committee who are also members of the Board of Directors, it covers their services as members of the Board of Directors and their attendance at the various Committees. On the occasion of the CEO nomination, the fixed remuneration was increased from 361,800 EUR (percentile 0 in the benchmark) to 500,000 EUR (percentile 40 in the benchmark).

2. Variable remuneration

The short-term variable remuneration is intended to compensate the collective and individual contributions of the members of the Executive Committee. The amount is determined based on the effective achievement of financial and qualitative objectives set and assessed annually by the Board of Directors on the proposal of the NRC. The objectives are set according to criteria weighted by importance and approved by the Board of Directors on the proposal of the NRC.

The percentage of the variable compensation may vary from 0 % to 60 % with a target of 40 % of the annual fixed remuneration. For COOs, the maximum percentage of the variable remuneration may vary from 0 % to 40 % with a target of 30 %.

The previous remuneration policy allowed a variable remuneration of 75 % of the annual fixed remuneration. This percentile has been revised downwards.

The long-term variable remuneration consists of the allocation of an amount ranging from 0 % to 40 % of the fixed remuneration for the members of the Executive Committee who are also Directors and 0 % to 20 % for the COO's. This amount was determined according to the achievement of KPIs aligned with the interests of the shareholders[2]. This amount, after deduction of the withholding tax, must be allocated to the acquisition of Cofinimmo shares to which the members of the Executive Committee commit to hold them for a minimum period of three years.

For both short-term and long-term variable remuneration, the degree of achievement of the KPIs is audited using accounting and financial data that are analysed by the Audit Committee.

The NRC makes a quantified calculation of what variable remuneration could be, depending on the degree of achievement of the objectives. This quantified calculation serves as an indication for the definitive fixing of the variable remuneration. Indeed, it will also take into account the specific situation of the Company and of the market in general. The NRC then draws up a proposal for variable remuneration to the Board of Directors, which in turn assesses the achievements of the Executive Committee and which finally determines the amount of the variable remuneration to be granted. In addition, the variable remuneration is in accordance with the requirements of Article 520ter of the Companies Code. Finally, the Board of Directors may, at its discretion, decide to allocate all or part of the variable remuneration or not, in the form of unilateral pension promises. There is no allocation of variable remuneration if the budget is not achieved by at least 80 %.

There are no provisions concerning the recovery right of variable remuneration paid based on inaccurate financial data other than those in the Civil Code, that is, in application of the principle of undue payment.

The performance assessment criteria for the 2018 financial year were:

- net result from core activities per share (10 %);
- office occupancy rate (10 %);
- cost/income ratio (10 %);
- strategic development (40 %);
- management of large-scale projects (15 %);
- other (15 %).

The NRC assessed the achievement of the 2018 objectives by the members of the Executive Committee and proposed to the Board of Directors a short-term variable remuneration and a long-term variable remuneration 'at target'. This proposal has been accepted by the Board of Directors. The application of these percentages is made on the fixed remuneration paid to the members of the Executive Committee in 2018 prorata temporis.

For the 2019 financial year, the Board of Directors wanted to reinforce the 'SMART[3]'-character of the KPIs and objectives. The granting of variable remuneration will depend on the achievement of the following main objectives:

1 On 28.06.2018, the Board of Directors decided, for the last time and to ensure a continuity principle, to grant Mrs. Françoise Roels 1,600 SAR. The SOPs and SARs granted in the past to Mr. Jean-Edouard Carbonnelle and Mrs. Françoise Roels remain valid.

2 Regarding the CFO, the long-term variable remuneration is a contractually fixed amount.

3 Objectives that are specific, measurable, acceptable, realistic and time-based.

Regarding the short-term variable remuneration:

- net result from core activities per share (15 %);
- portfolio occupancy rate (15 %);
- operational margin (10 %);
- strategic growth (20 %);
- customer satisfaction & employee engagement (20 %);
- personal objectives (20 %).

Regarding the long-term variable remuneration:

- net result from core activities per share (45 %);
- dividend (30 %);
- personal objectives (25 %).

3. The savings and provident scheme

The savings and provident scheme is designed to reduce, insofar as possible, the difference in income beneficiaries receive before and after retirement. The extra pensions are financed exclusively from Cofinimmo contributions. The members of the Executive Committee benefit from a 'defined contribution' group insurance plan taken out with an insurance company.

In addition, the members of the Executive Committee have access to an 'individual pension commitment insurance plan' intended exclusively to pay a life insurance or death benefit.

As of 2019, the annual contribution to the savings and pension plan for Mr. Jean-Pierre Hanin will be increased to 100,000 EUR. The annual overall contribution for the other members of the Executive Committee is 151,636 EUR.

4. The other benefits

The annual costs of medical cover come to 3,400 EUR for the CEOs and to 8,760 EUR for the other members of the Executive Committee. Cofinimmo provides each with a company car whose annual cost for the Company does not exceed 15,000 EUR (excluding fuel). The Company reimburses them all expenses incurred to carry out professional duties. Executive Committee members also receive a laptop and a mobile phone. The remuneration allocated to Executive Committee members covers all of their duties within the Cofinimmo Group.

Remuneration policy for the next two financial years

The Board of Directors does not have the intention to modify the remuneration policy for the two following financial years.

Executive Director remuneration[1] for the 2018 financial year

Current members of the Executive Committee[2]

(in EUR)	CEO	Other members of the Executive Committee
Fixed remuneration (Amount used as a basis for calculating variable remuneration)	484,083	858,083
Short-term variable remuneration (Amount determined according to the realisation of KPIs)	192,126	349,453
Long-term variable remuneration (Amount determined according to the realisation of KPIs)	133,333	149,333
Savings and provident scheme (Additional pensions financed by Cofinimmo)	67,667	151,636
Other benefits (Medical cover, company car, fuel, laptop, mobile phone, other insurances)	18,850	50,100
Severance payments[3]	-/-	441,200
TOTAL REMUNERATION	896,059	1,999,805

1 As independent, total cost for the company.

2 Amounts calculated pro rata temporis for the CEOs and for the other members of the Executive Committee.

3 Severance pay of Mr. Xavier Denis calculated on the basis of the fixed annual remuneration amount. It should be noted that the end of Mr. Jean-Edouard Carbonnelle's term of office did not result in the payment of compensation.

Number of shares held as at 31.12.2018

(in EUR)	Number of shares held
Jean-Pierre Hanin	500
Jean Kotarakos	503
Françoise Roels	1,453
Sébastien Berden	0
Yeliz Bicici	0

Phantom Stock Unit plan[1]

	2017 scheme[2]		2016 scheme[3]		
	Number of stock units	Amount payable in 2019	Number of stock units	Amount payable in 2018	Amount payable in 2019
Jean-Edouard Carbonnelle	909	55,117	1,034	56,051	65,518
Françoise Roels	729	44,182	829	44,930	52,519

Stock options granted and accepted[4]

	2016 scheme	2015 scheme	2014 scheme	2013 scheme	2012 scheme	2011 scheme	2010 scheme	2009 scheme	2008 scheme	2007 scheme	2006 scheme
Jean-Edouard Carbonnelle	2,050	2,050	2,050	2,050	1,600	1,600	1,350	1,350[5]	1,350	1,350	1,350
Françoise Roels	1,600	1,600	0	0	0	1,600	1,350[6]	1,000[7]	1,000	1,000	1,000

1 The Phantom Stock Unit plan is no longer applicable but remains valid for Mr. Jean-Edouard Carbonnelle and Mrs. Françoise Roels.

2 The fair value of the ordinary share at the provisional allocation date on 08.02.2018 being 103,70 EUR. The fair value of the ordinary share at the definitive grant date on 01.03.2019 being 115,709. The amount payable in 2019 is increased by the gross dividend granted since the date of provisional allocation.

3 The fair value of the ordinary share at the provisional allocation date on 09.02.2017 being 105.13 EUR. The fair value of the ordinary share at the definitive allocation date on 01.03.2018 is 102.90 EUR. The fair value of the ordinary share at the definitive grant date on 01.03.2019 being EUR 115,709. The amount payable in 2019 is increased by the gross dividend allocated since the provisional allocation date.

4 The Stock Option Plan is no longer applicable but remains valid for Mr. Jean-Edouard Carbonnelle and Mrs. Françoise Roels.

5 Mr. Jean-Edouard Carbonnelle has exercised in 2018 the 1,350 options granted in 2009.

6 Mrs. Françoise Roels has exercised in 2017 the 1,350 options granted and accepted in 2010.

7 Mrs. Françoise Roels has exercised in 2016 the 1,000 options granted and accepted in 2009.

Characteristics of the stock options offered to the members of the Executive Committee[1]

	Exercise deadline	Exercise price	Fair value on date of granting
2006 scheme	13.06.2021	129.27 EUR	26.92 EUR
2007 scheme	12.06.2022	143.66 EUR	35.79 EUR
2008 scheme	12.06.2023	122.92 EUR	52.47 EUR
2009 scheme	11.06.2019	86.06 EUR	51.62 EUR
2010 scheme	13.06.2020	93.45 EUR	44.50 EUR
2011 scheme	13.06.2021	97.45 EUR	45.29 EUR
2012 scheme	13.06.2022	84.85 EUR	41.07 EUR
2013 scheme	16.06.2023	88.12 EUR	49.59 EUR
2014 scheme	16.06.2024	88.75 EUR	34.33 EUR
2015 scheme	30.06.2025	95.03 EUR	30.68 EUR
2016 scheme	30.06.2026	108.44 EUR	29.43 EUR

Number of Stock Appreciation Rights granted[2]

	2017 scheme	2018 scheme
Jean-Edouard Carbonnelle	2,050	-/-
Françoise Roels	1,600	1,600

Contractual terms of the members of the Executive Committee

The company has concluded a service contract for an indefinite period with the members of the Executive Committee with a view to entrusting them with responsibility for day-to-day management. The Directors have independent status and accomplish their duties in the absence of any form of subordination and with full autonomy and independence. However, they are guided in the performance of their duties by the guidelines and strategic decisions adopted by the Board of Directors and by compliance with the rules governing the responsibilities and operation of the Executive Committee.

The business contracts concluded in 2018 with Mr. Jean-Pierre Hanin, Mr. Jean Kotarakos, Mr. Sébastien Berden and Mrs. Yeliz Bicici are in line with the provisions of the Law of 06.04.2010. These stipulate that the contract may be terminated subject to compliance with a notice period of 12 months in the event of termination by the company and of three months in the event of termination by them, or against the payment of an equivalent allowance calculated on the basis of the emoluments prevailing at the time of the break. With regard to the contract concluded with Mrs. Françoise Roels, it can be terminated subject to an advanced notice period of 24 months when the company initiates the termination or an advanced notice of three months in case of termination by Françoise Roels, or else by the payment of an equivalent indemnity calculated on the basis of the emoluments prevailing at the time of the break[3].

Should the Directors members of the Executive Committee be unable to carry out their duties for reasons of incapacity (illness or accident), Cofinimmo will continue to pay them the fixed portion of their emoluments for a period of two months dating from the first day of incapacity. Thereafter, they will receive an incapacity allowance (paid by an insurance company) equal to 70 % of their total remuneration.

The contracts with the members of the Executive Committee include a non-competition clause for 12 months after termination of the contracts. This clause will only be applied if the Company chooses to activate it. In this hypothesis, a fee of 12 months salary will be paid.

1 For other features of stock options, see Note 42 to the consolidated accounts.

2 The Stock Appreciation Rights Plan is no longer applicable but is still in force for Mr. Jean-Edouard Carbonnelle and Mrs. Françoise Roels.

3 Article 9 of the Law of 06.04.2010 states that this compensation is limited to 12 months or, depending on the case, 18 months. However, the Nomination, Remuneration and Corporate Governance Committee recalls that these terms and conditions were set out in a management agreement concluded with Françoise Roels in 2007. The approval of the General Meeting is therefore not required on this point, in accordance with this same Article.

Other parties involved

Certification of accounts

An Auditor appointed by the General Meeting of Shareholders must certify the annual accounts and review the half-yearly accounts, as for any limited liability company and, as the Company is a RREC, prepare special reports at the request of the FSMA.

The auditor of Cofinimmo is SC s.f.d. SCRL Deloitte, Réviseurs d'Entreprises/Bedrijfsrevisoren, represented by Mr. Rik Neckebroeck, an auditor certified by FSMA, and registered to the Institut des Réviseurs d'entreprises/ Instituut voor Bedrijfsrevisoren under number A01529 with registered office at 1930 Zaventem, Luchthaven Nationaal 1J.

The auditor, Deloitte, Réviseurs d'Entreprises/Bedrijfsrevisoren, received fixed remuneration of 108,035 EUR (excluding VAT) for reviewing and certifying Cofinimmo's statutory and consolidated accounts. The fees for certifying the accounts of Cofinimmo's statutory subsidiaries came to 135,625 EUR (excluding VAT). This amount includes the Auditor's fees for certifying the accounts of the Group's foreign subsidiaries. The fees paid to the Deloitte Group for tax research and support assignments totalled 166,000 EUR (excluding VAT) for the financial year. The fees cap of 70 % of audit fees applied to other services provided by the auditor Deloitte, Reviseurs d'Entreprises/Bedrijfsrevisoren, is fulfilled.

Real estate expertise

The real estate experts designated by the Group to certify the overall value of its property portfolio are:

- Cushman & Wakefield: in Belgium, Cushman & Wakefield Belgium SA/NV (RPM Brussels 0422 118 165), in France, Cushman & Wakefield Valuation France SA (RCS Nanterre 332 11 574), in the Netherlands, DTZ Zadelhoff BV (KvK 33174864).
- PricewaterhouseCoopers: in Belgium, PricewaterhouseCoopers Enterprise Advisory SCRL/CVBA (RPM Brussels 0415 622 333), in the Netherlands, PricewaterhouseCoopers Belastingadviseurs NV (KvK 34180284), in Germany, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (HRB 44845)
- Jones Lang LaSalle: in Belgium, Jones Lang LaSalle SPRL/BVBA (RPM Brussels 0403 376 874), in France, Jones Lang LaSalle Expertises SAS (RCS Paris 444 628 150).

Terms of mandate of the real estate experts at 01.01.2018

CUSHMAN & WAKEFIELD					
Segment	**Number of assets under mandate**	**Location**	**Natural persons**	**Start of term**	**End of term**
Offices	41	Belgium	Emeric Inghels	01.01.2017	31.12.2019
Healthcare real estate	30	Belgium	Emeric Inghels	01.01.2017	31.12.2019
Healthcare real estate	43	France	Jérôme Salomon	01.01.2017	31.12.2019
Property of distribution networks - Cofinimur I	271	France	Jérôme Salomon	01.01.2018	31.12.2020
Property of distribution networks - Pubstone	226	The Netherlands	Leopold Willems	01.01.2017	31.12.2019
Property of distribution networks - Pubstone	736	Belgium	Emeric Inghels	01.01.2017	31.12.2019
PRICEWATERHOUSECOOPERS					
Segment	**Number of assets under mandate**	**Location**	**Natural persons**	**Start of term**	**End of term**
Offices	18	Belgium	Ann Smolders and Jean-Paul Ducarme	01.01.2017	31.12.2019
Healthcare real estate	27	Belgium	Ann Smolders and Jean-Paul Ducarme	01.01.2017	31.12.2019
Healthcare real estate	32	The Netherlands	Bart Kruijssen	01.01.2018	31.12.2020
Healthcare real estate	31	Germany	Dirk Kadel	01.01.2018	31.12.2020
JONES LANG LASALLE					
Number of assets under mandate	**Location**	**Natural persons**	**Start of term**	**End of term**	**End of term**
Offices	28	Belgium	Rod Scrivener	01.01.2017	31.12.2019
Healthcare real estate	6	France	Elodie du Moulin	30.09.2018	31.12.2019

In accordance with Article 47 of the Royal Decree of 12.05.2014 on RRECs, the real estate experts carry out a valuation of all of the properties in the portfolio of the public RREC and its subsidiaries at the end of each financial year. The valuation determines the carrying value of the property assets in the balance sheet. Furthermore, at the end of each of the first three quarters of the year, the experts update the overall valuation made at the end of the previous financial year, based on market developments and the nature of the properties concerned. Lastly, in accordance with the provisions of Article 47 of the same Royal Decree, any property which is to be acquired or disposed of by the RREC (or a company within its scope) is valued by the experts before the transaction. The transaction must be carried out at the value determined by the expert when the other party is a financial sponsor of the public RREC (Cofinimmo does not have such a financial sponsor), or any company with which the public RREC is related or linked by participating interests or when any of the above-mentioned parties gain an advantage from the transaction.

The valuation of a property consists of determining its value on a specific date, i.e., the price at which the property is likely to be exchanged between purchasers and sellers who are duly informed and wish to carry out such a transaction, without any account being taken of any special advantage between them. This value is known as the 'investment value' when it corresponds to the total price payable by the purchaser, including, where appropriate, the registration duties or VAT (if the acquisition is subject to VAT).

The fair value, as meant by IAS/IFRS accounting principles, can be obtained by deducting from the investment value an appropriate portion of the registration duties and/or VAT, constituting transaction costs.

Transactions other than sales may lead to the mobilisation of the portfolio, or a portion thereof, as illustrated by the operations carried out by Cofinimmo since it acquired the status of RREC (formerly Sicafi/Bevak).

The experts' valuation depends on the following criteria:

- location;
- age and type of building; state of repair and level of comfort; architectural appearance;
- gross/net surface area ratio; number of parking spaces; rental conditions;
- and, for healthcare real estate, the ratio of rents/operating cash flow before rents.

The remuneration of the independent evaluators, calculated quarterly on the basis of a fixed lump sum plus a fixed fee, was 1,078,711 EUR (including VAT) in 2018, allocated as follows: 611,987 EUR for Cushman & Wakefield, 358,670 EUR for PricewaterhouseCoopers and 111,054 EUR for Jones Lang LaSalle.

Annual accounts

Consolidated accounts

Consolidated comprehensive result (income statement)

(x 1,000 EUR)	Notes	2018	2017
A. NET RESULT			
Rental income	6	212,170	204,043
Writeback of lease payments sold and discounted	6	8,815	12,473
Rental-related expenses	6	-897	-181
Net rental income	5, 6	**220,088**	**216,335**
Recovery of property charges	7	-6	1,725
Recovery income of charges and taxes normally payable by the tenant on let properties	8	41,653	43,753
Costs payable by the tenant and borne by the landlord on rental damage and redecoration at end of lease	7	-2,462	-4,572
Charges and taxes normally payable by the tenant on let properties	8	-47,545	-47,298
Property result		**211,729**	**209,943**
Technical costs	9	-6,421	-5,396
Commercial costs	10	-1,791	-1,583
Taxes and charges on unlet properties		-4,489	-5,128
Property management costs	11	-17,573	-18,052
Property charges		**-30,275**	**-30,159**
Property operating result		**181,455**	**179,784**
Corporate management costs	11	-7,531	-7,737
Operating result before result on the portfolio		**173,923**	**172,047**
Gains or losses on disposals of investment properties	5, 12	28,436	1,443
Gains or losses on disposal of other non-financial assets	5, 12	0	0
Changes in fair value of investment properties	5, 13, 23	-6,259	10,261
Other result on the portfolio	5, 14	-18,150	-15,822
Operating result		**177,951**	**167,929**
Financial income	15	8,958	5,594
Net interest charges	16	-30,307	-29,926
Other financial charges	17	-498	-626
Changes in the fair value of financial assets and liabilities	18	-3,013	1,678
Financial result		**-24,860**	**-23,280**
Share in the result of associated companies and joint ventures	40	841	1,205
Pre-tax result		**153,932**	**145,854**
Corporate tax	19	-2,806	-3,864
Exit tax	19	327	-69
Taxes		**-2,480**	**-3,933**
Net result		**151,452**	**141,921**
Minority interests	40	-5,839	-4,559
NET RESULT - GROUP SHARE		**145,613**	137,362
NET RESULT FROM CORE ACTIVITIES - GROUP SHARE		**145,004**	139,090
RESULT ON FINANCIAL INSTRUMENTS - GROUP SHARE		**-3,353**	1,063
RESULT ON THE PORTFOLIO - GROUP SHARE		**3,962**	-2,791

(in EUR)	Notes	2018	2017
Net result per share - Group share	20	**6.58**	**6.45**
Diluted net result per share - Group share	20	**6.20**	**6.06**

(x 1,000 EUR)	Notes	2018	2017
B. OTHER ELEMENTS OF THE COMPREHENSIVE RESULT RECYCLABLE UNDER THE INCOME STATEMENT			
Changes in the effective part of the fair value of authorised cash flow hedging instruments		0	578
Impact of the recycling on the income statement of hedging instruments which relationship with the hedged risk was terminated	18	-578	11,281
Share in the other elements of the comprehensive result of associated companies/joint ventures		63	78
Convertible bonds	25	300	0
Other elements of the comprehensive result recyclable under the income statement		**-215**	**11,937**
Minority interests	40	0	0
OTHER ELEMENTS OF THE COMPREHENSIVE RESULT RECYCLABLE UNDER THE INCOME STATEMENT - GROUP SHARE		**-215**	11,937

(x 1,000 EUR)	Notes	2018	2017
C. COMPREHENSIVE RESULT			
Comprehensive result		**151,237**	**153,858**
Minority interests	40	-5,839	-4,559
COMPREHENSIVE RESULT - GROUP SHARE		**145,398**	149,299

Consolidated financial position (balance sheet)

(x 1,000 EUR)	Notes	31.12.2018	31.12.2017
Non-current assets		**3,881,018**	**3,689,016**
Goodwill	5, 21	71,556	85,156
Intangible assets	24	922	826
Investment property	5, 22	3,694,202	3,506,981
Other tangible assets	24	810	926
Non-current financial assets	25	9	871
Finance lease receivables	26	101,731	85,148
Trade receivables and other non-current assets		1,379	1,370
Deferred taxes		1,383	447
Participations in associated companies and joint ventures	40	9,026	7,290
Current assets		**140,449**	**93,566**
Assets held for sale	5, 27	33,663	800
Finance lease receivables	26	1,915	1,826
Trade receivables	28	24,091	23,698
Tax receivables and other current assets	29	24,167	19,917
Cash and cash equivalents		27,177	22,532
Accrued charges and deferred income	30	29,436	24,793
TOTAL ASSETS		**4,021,466**	3,782,582
Shareholders' equity		**2,166,365**	1,986,440
Shareholders' equity attributable to shareholders of parent company		**2,082,130**	**1,903,160**
Capital	p. 158-159	1,230,014	1,141,904
Share premium account	p. 158-159	584,901	520,655
Reserves	p. 158-159	121,602	103,239
Net result for the financial year	p. 158-159	145,613	137,362
Minority interests	40	**84,234**	**83,280**
Liabilities		**1,855,102**	1,796,142
Non-current liabilities		**1,140,333**	**1,222,857**
Provisions	31	22,447	25,886
Non-current financial debts	25	1,012,290	1,112,890
Banks	25	268,517	378,559
Other	25	743,773	734,331
Other non-current financial liabilities	25	62,600	43,729
Deferred taxes	32	42,996	40,352
Exit tax	32	23	200
Other	32	42,973	40,152
Current liabilities		**714,768**	**573,285**
Current financial debts	25	613,107	462,810
Banks	25	40,583	51,287
Other	25	572,524	411,523
Other current financial liabilities	25	0	4,544
Trade debts and other current debts	33	88,292	81,362
Exit tax	33	1,089	0
Other	33	87,203	81,362
Accrued charges and deferred income	34	13,370	24,569
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**4,021,466**	3,782,582

Calculation of debt-to-assets ratio

(x 1,000 EUR)		2018	2017
Non-current financial debts		1,012,290	1,112,891
Other non-current financial liabilities (except for hedging instruments)	+	13,622	281
Current financial debts	+	613,107	462,810
Trade debts and other current debts	+	88,292	81,363
Total debt	=	**1,727,311**	**1,657,343**
Total assets		4,021,466	3,782,582
Hedging instruments	-	9	871
Total assets (except hedging instruments)	=	**4,021,458**	**3,781,711**
DEBT DEBT-TO-ASSETS RATIO	/	**42.95 %**	43.83%

Consolidated statement of cash flows

(x 1,000 EUR)	Notes	2018	2017
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		**22,532**	41,271
Operating activities			
Net result for the period		145,613	137,362
Adjustments for interest charges and income		25,085	24,770
Adjustments for gains and losses on disposal of property assets		-28,436	-1,443
Adjustments for gains and losses on disposals of other assets		0	
Adjustments for non- cash charges and income	35	15,367	-6,497
Changes in working capital requirements	36	2,977	2,825
CASH FLOW RESULTING FROM OPERATING ACTIVITIES		**160,606**	157,017
Investment activities			
Investments in intangible assets and other tangible assets		-661	-914
Acquisitions of investment properties	37	-297,839[1]	-52,455
Extensions of investment properties	37	-26,635	-50,249
Investments in investment properties	37	-20,074	-18,545
Acquisitions of subsidiaries		-202,706	-1,058
Disposals of investment properties	37	367,723	19,409
Disposals of assets held for sale	37	784	
Disposals of other assets		65	
Disposals of consolidated subsidiaries			
Payment of exit tax		-446	-1,067
Finance lease receivables		-15,303[2]	1,771
Other cash flows from investment activities		-29	
CASH FLOW RESULTING FROM INVESTMENT ACTIVITIES		**-195,121**	-103,108
Financing activities			
Acquisitions/disposals of own shares		161	247
Dividends paid to shareholders		-118,205	-83,326
Capital increase		152,195	
Coupons paid to minority shareholders	40	-1,416	-1,076
Coupons paid to mandatory convertible bond (MCB)-holders	40	-2,884	-2,496
Increase of financial debts[3]		33,582	91,080
Decrease of financial debts[4]			-50,001
Financial income received		6,016	5,973
Financial charges paid		-30,710	-30,352
Other cash flows from financing activities		421	-2,697
CASH FLOW RESULTING FROM FINANCING ACTIVITIES		**39,161**	-72,648
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		**27,177**	22,532

1 This amount includes the buyback of future lease payments with the Buildings Agency (Belgian Federal State) on the Egmont I and II buildings, for 234 MEUR.

2 This amount corresponds, on the one hand, to the "capital" part of the financial lease agreements for 1,830 KEUR and, on the other hand, to the creation of a financial lease agreement to be received (under construction) for -17 million EUR.

3 In 2018, the amount of 33,582 KEUR corresponds to drawdowns on credit lines. Compared to the balance sheet, the difference is due to the acquisition of a bank loan by the Group in connection with the acquisition of a subsidiary. In 2017, the amount of 91,080 KEUR corresponded to the drawdown of credit lines for 95,491 KEUR and the repayment of a bank loan for the acquisition of the subsidiary Castorstraat NV (see Note 4 for more details).

4 The 50 MEUR in 2017 corresponded to the maturity period of a bond issued in 2013.

Consolidated statement of changes in shareholders' equity

(x 1,000 EUR)	At 01.01.2017	Allocation of the 2016 net result	Dividends/ Coupons
Capital	**1,124,628**		
Share premiums	**504,544**		
Reserves	**126,358**	**97,393**	**-116,930**
Reserve of the positive/negative balance of changes in fair value of real estate assets	-181,038	23,081	
Reserve of estimated transfer rights resulting from the hypothetical disposal of investment property	-74,480	-11,097	
Reserve of the balance of changes in fair value of authorised hedging instruments to which the hedging accounting defined in IFRS is applied	-4,554	-2,414	
Reserve of the balance of changes in fair value of authorised hedging instruments to which the hedging accounting defined in IFRS is not applied	-80,788	61,196	
Distributable reserve	462,027	26,317	-116,930
Non-distributable reserve	5,191	310	
Net result of the financial year	**97,393**	**-97,393**	
Total shareholders' equity attributable to shareholders of the parent company	**1,852,923**	**0**	**-116,930**
Minority interests	**66,536**		**-3,572**
TOTAL SHAREHOLDERS' EQUITY	1,919,459	0	-120,502

(x 1,000 EUR)	At 31.12.2017	Adjustment of the opening balance sheet	At 01.01.2018
Capital	**1,141,904**		**1,141,904**
Share premiums	**520,655**		**520,655**
Reserves	**103,239**		**103,239**
Reserve of the positive/negative balance of changes in fair value of real estate assets	-169,760		-169,760
Reserve of estimated transaction costs resulting from the hypothetical disposal of investment property	-83,954		-83,955
Reserve of the balance of changes in fair value of authorised hedging instruments to which the hedging accounting defined in IFRS is applied	4,969		4,969
Reserve of the balance of changes in fair value of authorised hedging instruments to which the hedging accounting defined in IFRS is not applied	-19,592		-19,592
Distributable reserve	366,119	1,997	368,116
Non-distributable reserve	5,457		5,457
Reserve of the change in fair value of the convertible bond attributable to changes in 'own' credit risk.		-1,997[1]	-1,997
Net result of the financial year	**137,362**		**137,362**
Total shareholders' equity attributable to shareholders of the parent company	**1,903,160**		**1,903,160**
Minority interests	**83,280**		**83,280**
TOTAL SHAREHOLDERS' EQUITY	1,986,440		**1,986,440**

1 This amount corresponds to the change in the fair value of the convertible bond that is attributable to the change in credit risk for 2017.

Share issue	Acquisitions/ Disposals of treasury shares	Hedging of cash flows	Transfer between distributable reserves and non-distributable reserves on asset disposals	Other	Result of the financial year	As at 31.12.2017
17,131	**144**					**1,141,904**
16,009	**102**					**520,655**
0	**0**	**11,937**	**0**	**-15,520**	**0**	**103,239**
				-11,804		-169,760
			483	1,140		-83,954
		11,937				4,969
						-19,592
			-483	-4,812		366,119
				-44		5,457
					137,362	**137,362**
33,140	**247**	**11,937**	**0**	**-15,520**	**137,362**	**1,903,160**
				15,758	**4,559**	**83,280**
33,140	247	11,937	0	238	141,921	1,986,440

Appro-priation of the 2017 net result	**Dividends/ Coupons**	**Share issue**	**Acquisitions/ Disposals of treasury shares**	**Hedging of cash flows**	**Transfer between distributable reserves and non-distributable reserves on asset disposals**	**Other**	**Result of the financial year**	**As at 31.12.2018**
		88,013	**98**					**1,230,014**
		64,182	**64**					**584,901**
137,362	**-118,101**			**-514**		**-382**		**121,603**
18,835					-5,108			-156,033
-8,364					2,942			-89,376
-2,670				-514	-1,785			
18,942					3,141			2,491
111,078	-118,101				809	-601		361,300
-458						-81		4,918
						300		-1,697
-137,362							**145,613**	**145,613**
0	**-118,101**	**152,195**	**161**	**-514**	**0**	**-382**	**145,613**	**2,082,130**
	-4,301					**-585**	**5,839**	**84,234**
0	**-122,402**	**152,195**	**161**	**-514**	**0**	**-967**	**151,452**	**2,166,365**

Notes to the consolidated accounts

NOTE 1. GENERAL INFORMATION

Cofinimmo SA/NV (the 'Company') is a public RREC (Regulated Real Estate Company) organised under Belgian law with registered offices at boulevard de la Woluwe/Woluwedal 58, 1200 Brussels. The consolidated financial statements of the company for the financial year ended 31.12.2018 comprise the Company and its subsidiaries (together referred to as the 'Group'). The consolidation scope has evolved since 31.12.2017. Cofinimmo acquired the shares of 20 companies and created seven new subsidiaries and two joint ventures held at 51 % and accounted for under the equity consolidation method. Moreover, two subsidiaries were merged during the year aiming to simplify the Group's organisation. The consolidation scope at 31.12.2018 is presented on Note 40.

The consolidated statutory financial statements were adopted by the Board of Directors on 11.03.2019 and will be submitted to the General Shareholders' Meeting of 08.05.2019.

The accounting principles and methods adopted for the preparation of the financial statements are identical to those used for the annual financial statements for the financial year 2017, except for what is mentioned in Note 2.

NOTE 2. SIGNIFICANT ACCOUNTING METHODS

A. Statement of compliance

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards, as adopted by the Belgian Royal Decree of 13.07.2014 concerning Regulated Real Estate Companies.

The principles and methods used to draw up the annual accounts are the same as those used in the annual accounts for financial year 2017, except for the application of new IFRS 9 and 15.

The IFRS 9 - Financial Instruments standard (effective as of 01.01.2018) contains provisions for the classification and measurement of financial assets and liabilities, impairment of financial assets and general hedge accounting. IFRS 9 replaces most of IAS 39 - Financial Instruments: recognition and measurement. The application of IFRS 9 has no material impact on the consolidated annual accounts of Cofinimmo (see also point F below as well as Note 25).

The IFRS 15 standard - Revenue from contracts with customers - also came into effect on 01.01.2018. The IFRS 15 standard provides a unique and comprehensive model for the accounting processing of revenue arising from contracts with customers. It has no material impact on Cofinimmo's consolidated annual accounts because lease contracts fall outside the scope and form the main source of income for Cofinimmo. However, the principles of the IFRS 15 standard apply to non-rental components that may be included in lease agreements or in separate agreements, such as the maintenance services of the tenant. Since these non-rental components are relatively limited and generally involve services that are recognised over time under both the IFRS 15 and IAS 18 standards, Cofinimmo confirms that the IFRS 15 standard has no material impact here.

Starting in 2019, the IFRS 16 standard on lease agreements replaces the IAS 17 standard. This standard defines how lease contracts must be processed, valued and reported in the financial statements.

The Group has not identified any significant change upon the entry into force of this standard. Indeed, with regard to the lessor, IFRS 16 maintains virtually the same accounting provisions of IAS 17. This is why the lessor continues to classify the lease contracts as lease contracts or finance lease contracts and to process these two types of lease agreements differently.

The preparation of financial statements requires the company to make significant judgments that affect the application of accounting methods (such as, for example, the determination of the classification of lease contracts) and to proceed to certain estimates (in particular, the estimate of the provisions). These assumptions are based on the management's experience, on the assistance of third parties (real estate experts) and on various other factors that are believed to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

B. Basis of preparation

The financial statements are presented in euro, rounded to the nearest thousand. They are prepared on the historical costs basis, except the following assets and liabilities, which are stated at their fair value: investment properties, assets held for sale, convertible bonds issued, derivative financial instruments and sales options permitted to non-controlling shareholders.

Some financial figures in this Annual Financial Report have been rounded up and, consequently, the overall totals in this Report may differ slightly from the exact arithmetical sum of the preceding figures.

Finally, some reclassifications can intervene between the publication dates of the annual results and of the Annual Financial Report.

C. Basis of consolidation

I Subsidiaries

The consolidated financial statements include the financial statements of the Company and the financial statements of the entities (including the structured entities) that it controls and its subsidiaries. The company has control when it:

· holds power over the issuing entity;

· is exposed or entitled to variable returns because of its ties with the issuing entity;

· has the ability to exercise its power so as to affect the amount of the returns that it receives.

The Company must reassess whether it controls the issuing entity when the facts and circumstances indicate that one or more of the three elements of control listed above have changed.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that the control commences until the date that the control ceases.

Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group. The subsidiaries' financial statements cover the same accounting period as that of the Company.

Changes in the Group's participations in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The book value of the participations in subsidiaries, held by the Group or by third parties, is adjusted to reflect the changes in the respective levels of participation. Any difference between the amount by which the minority interests are adjusted and the fair value of the consideration paid or received is recognised directly under equity.

II Joint ventures

A joint venture is a joint agreement whereby the parties who exercise joint control have rights over the net assets of the agreement. Under the equity accounting method, the consolidated income statement includes the Group's share in the result of joint ventures. This share is calculated from the date on which the joint control commences until the date on which the joint control ceases. The jointly controlled entities' financial statements cover the same accounting period as that of the Company.

III Transactions eliminated on consolidation

Intragroup balances and transactions and any gains arising from intragroup transactions are eliminated in preparing the consolidated financial statements. Gains arising from transactions with jointly controlled entities are eliminated to the extent of the Group's interest in the entities. Losses are eliminated in the same way as gains, but only to the extent that there is no evidence of impairment.

A list of the Group companies is included in Note 40.

D. Goodwill and business combinations

When the Group takes control of an integrated combination of activities and assets corresponding to the definition of a business according to IFRS 3 - 'Business combinations', the assets, liabilities and contingent liabilities of the business acquired are recorded at their fair value at the acquisition date. The goodwill represents the positive difference between the acquisition costs (excluding acquisition-related costs), plus any minority interests, and the fair value of the acquired net assets. If this difference is negative ('negative goodwill'), it is immediately recorded on the income statement after confirmation of the values.

After its initial recording, the goodwill is not amortised but submitted to an impairment test realised at least every year on the cash-generating units to which the goodwill was allocated. If the book value of a cash-generating unit exceeds its value in use, the resulting writedown is recorded on the income statement and first allocated in reduction of the possible goodwill and then to the other assets of the unit, proportionally to their book value. An impairment booked on goodwill is not written back during a subsequent year.

In accordance with IFRS 3, the goodwill can be set temporarily at the acquisition and adjusted within the 12 following months. In the event of the disposal of a cash-generating unit, the amount of goodwill that is allocated to this unit is included in the determination of the gain or loss on the disposal.

E. Translation of foreign currencies

I Foreign entities

There is no subsidiary whose financial statements are denominated in a currency other than the euro at the closing date.

II Foreign currency transactions

Foreign currency transactions are recognised initially at exchange rates prevailing at the date of the transaction. At closing, monetary assets and liabilities denominated in foreign currencies are translated at the then prevailing currency rate. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are included on the income statement as financial income or financial charges.

F. Financial instruments

The classification criteria for financial assets and liabilities have changed. The new IFRS 9 defines three main categories in terms of classification of financial assets and liabilities, referred to as 'Designated at fair value by means of the net result', 'Mandatory measured at fair value by means of the net result' and 'Measured at amortised cost'. The category 'Held for trading' with regard to IAS 39 has been scrapped.

With respect to the impairment of financial assets measured at amortised cost, including trade and finance lease receivables, the initial application of the expected credit loss model in accordance with IFRS 9 leads to a faster recognition of credit losses compared to the model of credit losses incurred in accordance with IAS 39. Given the quality of the tenants on the one hand and the low credit risk associated with trade receivables and finance lease receivables (established by historical analysis) on the other, the application of the expected credit loss model in accordance with IFRS 9 has no material impact on the consolidated annual accounts of Cofinimmo.

The convertible bond does not qualify as part or whole of equity capital instruments. The instrument contains embedded derivatives. To facilitate the valuation exercise of this instrument, Cofinimmo has decided to measure it on fair value. Changes in the fair value are included in the result.

I Derivative financial instruments

The Group uses derivative financial instruments to hedge against interest rate risks originating from operational, financial and investment activities (for more details about the derivative financial instruments, see Note 25).

a Recognition of derivative financial instruments:

These derivative financial instruments are interest rate swaps (IRS) and CAP options applied as economic hedges. Derivatives are initially recognised at fair value on the date on which the contracts for derivative interest instruments are entered into and are subsequently revalued at their fair value on the following closing dates. The resulting gain or loss is recognised immediately in the result, unless the derivative is designated and effective as a hedging instrument, in which case the time of recognition in the result depends on the nature of the hedging relationship. The Group does not apply hedge accounting.

b Revaluation of derivative financial instruments:

Revaluation takes place for all derivative financial instruments on the basis of the same price and volatility assumptions using an application from Bloomberg, the independent supplier of market data. This revaluation is compared to that of the banks, whereby each significant difference between the two revaluations is documented (see also point W below).

II Amortised cost and effective interest method

Interest-bearing loans are initially recognised at cost less the attributable transaction costs. Subsequently, interest-bearing loans are measured at amortised cost, where the difference between the repayment cost and the repayment value is booked in the income statements over the period of the loan on the basis of the effective interest rate method. As an example, fees are paid to the lender or legal fees are integrated into the calculation of the effective interest rate. Fixed-income loans are calculated using the amortised cost method.

Financial assets are valued at amortised cost using the SPPI test ("Solely payment of principal and interests") since the contractual terms of the financial asset on specific dates give rise to cash flows consisting exclusively of payments of the principal and interest.

III Derecognition of financial assets

The Group no longer recognises a financial asset in the result only if the contractual rights to the cash flows from that asset lapse or when the financial asset and almost all risks and rewards of ownership of the asset are transferred to another party.

When a financial asset is no longer recognised at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and claim is included in the result.

G. Investment properties

Investment properties are properties which are held to earn rental income for the long term. In accordance with IAS 40, investment properties are stated at fair value.

External independent real estate evaluators determine the valuation of the property portfolio every three months. Any gain or loss arising, after the acquisition of a property, from a change in its fair value is recognised on the income statement. Rental income from investment properties is accounted for as described under section R.

The real estate evaluators carry out the valuation on the basis of the method of calculating the present value of the rental income in accordance with the 'International Valuation Standards/RICS Valuation Standards', established by the International Valuation Standards Committee/Royal Institute of Chartered Surveyors, as set out in the corresponding report. This value, referred to hereafter as the 'investment value', corresponds to the price that a third-party investor would be prepared to pay in order to acquire each of the properties making up the portfolio of assets and in order to benefit from their rental income while assuming the related charges, without deduction of transfer taxes.

The disposal of an investment property is usually subject to the payment to the public authorities of transfer rights or VAT. A share of transfer rights is deducted by the experts from the investment value of the investment properties to establish the fair value of the investment properties, as evidenced in their valuation report (see Note 22).

When an acquisition or investment is made, the transfer rights to be incurred during a subsequent theoretical sale are recognised directly on the income statement; any change in the fair value of a building during the financial year is also recognised on the income statements. These two movements are allocated to the reserve during the appropriation of the result for the financial year. In the event of a disposal, the transfer rights have not to be deducted from the difference between the price obtained and the carrying value of the sold properties for calculating the capital gain or loss effectively realised.

If an investment property becomes owner-occupied, it is reclassified as asset held for own use, and its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

H. Development projects

Properties that are being built, renovated, developed or redeveloped for future use as investment properties are classified as development projects until the completion of the works and stated at their fair value. This concerns nursing homes under construction or development (extensions) and empty office buildings that are or will be under renovation or redevelopment. At the time of completion of the works, the properties are transferred from the 'Development project category' to the 'Properties available for rental' category or to 'Properties held for sale' if they are put up for sale. The fair value of the office buildings which will undergo a renovation or redevelopment decreases as the end of the lease and the beginning of the works approaches.

All costs directly associated with the purchase and construction, and all subsequent capital expenditures qualifying as acquisition costs, are capitalised. Provided the project exceeding one year, interest charges are capitalised at a rate reflecting the average borrowing cost of the Group.

I. Properties leased for long periods

I Types of long leases

In compliance with the law, properties can be let for long periods under two different regimes:

- long ordinary leases: the lessor's obligations are essentially those under any lease: for instance, to ensure that space in a state of being occupied is available to the lessee during the entire term of the lease. This obligation is met by the lessor by bearing the maintenance costs (other than rental) and the insurance costs against fire and other damages;
- long leases which involve the assignment of a real right by the assignor to the assignee: in this case, the ownership passes temporarily to the assignee who will bear namely maintenance (other than rental) and insurance costs. Three contract types fall under this category: (a) the long lease ('bail emphytéotique/erfpachtovereenkomst') which must last a minimum of 27 years and a maximum of 99 years and can according to Belgian law apply to land and/or constructions; (b) the building lease ('droit de superficie/recht van opstal') which may not exceed 50 years but has no minimum duration and (c) the usufruct right ('droit d'usufruit/recht van vruchtgebruik') which may not exceed 30 years and has no minimum duration and can apply to land with a construction or bare land. Under all these contracts, the assignor keeps a residual right in that it will recover the full ownership of the property at the end of the term of the assignment, including the ownership of the constructions erected by the assignee, with or without indemnity for these constructions, depending on the contractual conditions. A purchase option for the residual right may, however, have been granted, which the lessee can exercise during or at the end of the lease.

II Long leases qualifying as finance leases

Provided these leases meet the criteria of a finance lease under IAS 17 § 10, the Group as assignor will present them at their inception as a receivable for an amount equal to the net investment in the lease agreement. The difference between this amount and the book value of the leased property (excluding the value of the residual right kept by the Group) at the inception of the lease will be recorded on the income statement for the period. Any payment made periodically by the lessee will be treated by the Group partly as a repayment of the principal and partly as a financial income based on a pattern reflecting a constant periodic rate of return for the Group.

At each closing date, the residual right kept by the Group will be accounted for at its fair value. It will increase each year and will correspond, at the end of the lease, to the market value of the full ownership. These changes in the fair value will be accounted for under the item 'Changes in the fair value of investment properties' on the income statement.

Conversely, if Cofinimmo is assignee in a financial lease as defined under IAS 17, it will recognise an asset at an amount equal to the fair value of the leased property or, if lower, at the discounted value of the minimum lease payments, the corresponding amount being recorded as a financial debt. Collected rents from tenants will be recorded under rental income. The subsequent effective payments to the assignor during the term of the lease will be partially recorded under financial charges and partially as the amortisation of the related financial debt. At each closing date, the temporarily assigned right will be accounted for at its fair value in accordance with IAS 40 - 'Investment properties' the progressive loss in value resulting from the passing of time being recorded under the item 'Changes in the fair value of investment properties' on the income statement.

III Sale of future lease payments under a long lease not qualifying as a finance lease

The amount collected by the Group as a result of the sale of the future lease payments will be recognised in deduction of the property's value to the extent that this sale of lease payments is opposable to third parties and that, as a consequence, the market value of the property is reduced by the amount of the future lease payments sold (hereafter 'reduced value'). Indeed, pursuant to Article 1690 of the Belgian Civil Code, a third party that would buy the properties, is deprived of the right of receiving rental revenues.

The progressive reconstitution of the lease payments sold will be recognised each period under the item 'Writeback of lease payments sold and discounted' on the income statement and will be added to the reduced value of the building on the assets side. This gradual constitution of the non-reduced value relies on the basis of the interest rates and inflation (indexation) conditions applied at the time of transfer and implied in the price obtained by the Group at the moment from the transferee for the sold receivables.

The changes in the fair value of the non-reduced property will be recorded separately under the item 'Changes in the fair value of investment properties' according to the following formula:

$$\left(\left(\frac{\text{FV year n-1}}{\text{NRFV year n-1}}\right) * \text{ Cumulative change year n}\right) - \left(\left(\frac{\text{VR year n-2}}{\text{VNR year n-2}}\right) * \text{ Cumulative change year n-1}\right)$$

in which:

FV: reduced fair value of the property (resulting from the information mentioned in the two precedings paragraphs);

NRFV: non-reduced fair value of the property (that is, if the future rental income would have not been sold and as established at each closing date by the independent real estate experts according to the real estate market) ;

Cumulative change: Change of the cumulative non-reduced faire value since the disposal of the future rents.

J. Other fixed assets

I Assets held for own use

In accordance with the alternative method allowed by IAS 16 § 31, the part of the property used by the company itself as headquarters is stated at its fair value. It appears under the heading 'Assets held for own use'.

II Subsequent expenditure

Expenditure incurred to refurbish a property, that is accounted for separately, is capitalised. Other expenditure is capitalised only when it increases the future economic benefits of the property. All other expenditure is recorded as costs on the income statement (see point S II).

III Depreciation

Investment properties, whether land or constructions, are not depreciated but posted at fair value (see point G). Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of the following items:

- fixture and fittings: 4-10 years;
- furniture: 8-10 years;
- computer hardware: 3-4 years;
- software: 4 years.

IV Assets held for sale

Assets held for sale (investment properties) are presented separately on the balance sheet at a value corresponding to their fair value.

V Impairment

The other assets are subject to an impairment test only if there is an indication showing that their book value will not be recoverable by their use or disposal.

K. Finance lease receivables and real estate public-private partnerships

I Finance lease receivables

Finance lease receivables are valued based on their discounted value at the interest rate prevailing at the time of their issue. If they are indexed to an inflation index, this is not taken into account in the determination of the discounted value. If a derivative financial instrument provides hedging, the market interest rate for this instrument will serve as a reference rate for calculating the market value of the receivable at the close of each accounting period. In this case, the entire unrealised gain generated by the valuation at market value of the receivable is limited to the unrealised loss relating to the valuation at market value (see point F I) of the hedging instrument. Conversely, any unrealised loss generated by the receivable will be entirely recorded on the income statement.

II Real estate Public-Private Partnerships

With the exception of the police station in Dendermonde, considered as operational leasing and, therefore, recognised as investment property, Public-Private Partnerships are classified as a finance lease receivable and are subject to IFRIC 12 (for the bookings, see paragraph K I).

L. Cash and cash equivalents

Cash and cash equivalents comprise current accounts, cash and short-term investments.

M. Shareholders' equity

I Ordinary shares

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares are shown as a deduction, net of tax, of the proceeds.

II Preference shares and mandatory convertible bonds

Preference share and mandatory convertible bond capital is classified as equity if it meets the definition of an equity instrument under IAS 32.

III Repurchase of shares

When own shares are repurchased by the Group, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Repurchased shares are presented as a deduction from the headings 'Capital' and 'Share premium account'. The proceeds on sales of own shares are directly included under equity without impacting the income statement.

IV Dividends

Dividends are recognised as debt when they are approved by the General Shareholders' Meeting.

N. Other non-current financial liabilities

'Other non-current financial liabilities' mainly includes the fair value of derivative financial instruments underwritten by the Group. The Group may undertake to take over non-controlling interests in subsidiaries owned by third parties should the latter exercise their sales options. The exercise price of such options permitted to non-controlling shareholders is recognised in the 'Other non-current financial liabilities' line.

O. Employee benefits

Contributions paid under the retirement pension defined contribution system are recorded as charges insofar as employees provided the services giving them the right to such contributions.

In Belgium, certain retirement pension systems based on defined contributions, are subject to a legally guaranteed minimal return by the employer and are therefore qualified as retirement pension systems with defined benefit (see Note 11).

The cost of the retirement pension system with defined benefit is determined by means of the projected credit units method and actuarial evaluations are made at the end of each period when the financial information is presented. The revaluations, comprising the actuarial differences and return of the system's assets (excluding interests) are directly recorded in the statement of the financial position, resulting in a debit or credit in the other elements of the global result during the financial year in which they occur. The revaluation under the other elements of the global result are directly recorded in the retained earnings and will not be reclassified to net income.

Costs of past services are recognised in net income in the period in which a system change occurs.

The net interest calculation is carried out by multiplying the net liabilities of the accrued net benefits at the beginning of the period by the actualisation rate.

Costs of the defined benefits are classified under the follwing categories :

- cost of services (cost of services rendered during the period, cost of passed services, as well as gains and losses arising from reductions and liquidations);
- net interests (charges);
- revaluations.

The Group presents the first two components of the defined benefits costs in the net result under 'Personnel Cost'.

The accrued benefit obligations recorded in the consolidated statement of the financial position represents the actual amount of the deficit of the defined benefits systems of the Group.

P. Provisions

A provision is recognised on the balance sheet when the Group has a legal or contractual obligation resulting from a past event, and if it is likely that resources will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at the market rate reflecting, where appropriate, the risk specific to the liability.

Q. Trade debts and other debts

Trade debts and other debts are stated at amortised cost.

R. Operating revenues

Operating revenues include revenues from lease contracts on buildings and revenues from real estate services.

Revenues from lease contracts are recorded under the rental income item. Some lease contracts allow for a period of free occupancy followed by a period during which the agreed rent is due by the tenant. In this case, the total amount of the contractual rent to be collected until the first break option for the tenant is recognised on the income statement (item 'rental income') pro rata temporis over the length of the lease contract, beginning at the start of the occupancy and ending at the first break option (i.e. the firm term of the lease). More accurately, the contractual rent expressed in annual amount is first recognised as revenue and the rent-free period spread over the firm term of the lease is then booked as an expense. Hence, an accrued income account is debited at the start of the lease for an amount corresponding to the rental income (net of the cost of rent-free periods) already earned but not yet expired.

When real estate experts make an estimation of the value of the buildings based on the discounted value of future cash flows method, they include in these values the total rents yet to be collected. Hence, the accrued income account referred to above is redundant with the part of the buildings representing rents already earned and recognised on the income statement but not yet due. Therefore, in order to avoid this redundancy, which would wrongfully swell the total of the balance sheet and of the shareholders' equity, the amount under the accrued income account is reversed against a charge booked under the item 'Other result on the portfolio'. Once the date of the first break option is passed, no charge is to be recorded on the income statement, as would have been the case without this reverse booking.

As a consequence, the operating result before result on the portfolio (and thus the net result from core activities of the analytical form) reflects the rents spread over the firm term of the lease, whereas the net result reflects the rents to date and as they are cashed.

The concessions granted to tenants are, on their part, booked as charges over the firm term of the lease. They refer to incentives consisting of the financing by the landlord of certain expenses the tenant is normally responsible for, such as the cost of the fitting works of private surfaces for example.

S. Operating expenses

I Service costs

Service costs paid, as well as those borne on behalf of the tenants, are included in the direct property expenses. Their recovery from the tenants is presented separately.

II Works carried out on properties

Works carried out that are the responsibility of the building owner are recorded in the accounts in three different ways, depending on the type of works:

- expenditure on maintenance and repairs that does not add any extra functionality or does not increase the standard of comfort of the building is considered as current expenditure for the period, and as property costs;
- extensive renovation works: these are normally undertaken at intervals of 25 to 35 years and involve virtually rebuilding the building whereby, in most cases, the existing carcass work is re-used and state-of-the-art building techniques are applied; on completion of such renovation works, the property can be considered as new and expenditure is capitalised;
- improvement works: these are works carried out on an occasional basis to add functionality to the property or significantly enhance the standard of comfort, thus making it possible to raise the rent and, hence, the estimated rental value. The costs of these works are capitalised by reason of the fact that and insofar as the expert normally recognises a corresponding appreciation in the value of the property. Example: installation of an air conditioning system where one did not previously exist.

Works that generate expenses to be activated are identified taking into account the previous criteria during the preparation of the budgets. The capitalised expenses are related to materials, engineering works, technical studies, internal costs, architect fees and interests during the construction.

III Commissions paid to letting agents and other transaction costs

Commissions relating to property lettings are entered under current expenditure for the year, under the item 'commercial costs'.

Commissions relating to the acquisition of properties, transfer duties, notary fees and other ancillary costs are considered as transaction costs and included in the acquisition cost of the acquired property. These costs are also considered as part of the acquisition cost when the purchase is done through a business combination.

Commissions on property sales are deducted from the disposal price obtained to determine the gain or loss made.

Property valuation costs and technical valuation costs are always entered under current expenditure.

IV Financial result

Net financing costs comprise interest payable on borrowings, calculated using the effective interest rate method, and gains and losses on hedging instruments that are recognised on the income statement (see point F).

Interest income is recognised on the income statement as it accrues, taking into account the effective yield on the asset.

Dividend income is recognised on the income statement on the date that the dividend is declared.

T. Income tax

The income tax of the financial year comprises the current tax. The income tax is recognised on the income statement except to the extent that it relates to items recognised directly under equity. The current tax is the expected tax payable on the taxable income of the past year, using the tax rate enacted at the closing date, and any adjustment to taxes payable in respect of previous years.

U. Exit tax and deferred taxes

The exit tax is the tax on the gain that arises upon approval of a Belgian non-RREC as a RREC or merger of a non-RREC with a RREC. When the non-RREC, which is eligible for this regime, first enters the consolidation scope of the Group, a provision for an exit tax liability is recorded simultaneously with a revaluation gain on the property corresponding to the market value of the property, and taking into account a forecasted date of merger or approval. Any subsequent adjustment to this exit tax liability is recognised on the income statement. When the approval or merger takes place, the provision becomes a debt and any difference is also recognised on the income statement.

The same treatment is applied mutatis mutandis to French companies eligible for the SIIC regime and to Dutch companies eligible for the FBI regime.

When companies not eligible for the RREC, SIIC or FBI regimes are acquired, a deferred tax is recognised on the unrealised gain of the investment property.

V. Stock options

Equity-settled share-based payments to employees and Executive Committee members are measured at the fair value of the equity instruments at the date of granting (See Note 42).

W. Estimates, judgments and main sources of concern

I Fair value of the property portfolio

Cofinimmo's portfolio is valued quarterly by independent real estate experts. This valuation by real estate experts is intended to determine the market value of a property at a certain date, taking into account the market evolution and the characteristics of the property. In parallel to the work of the real estate experts, Cofinimmo proceeds with its own valuation of its assets with a view on their long-term operation by its teams. The portfolio is recorded at the fair value established by the real estate experts in the Group's consolidated accounts (see Note 22).

II Financial instruments

The fair value of the Group's financial instruments is calculated on the basis of the market values in the Bloomberg system[1]. These fair values are compared with the quarterly estimations received from the banks, and major variations are analysed (more details are given in Note 25).

III Goodwill

Goodwill is calculated at the acquisition date as the positive difference between the acquisition cost and Cofinimmo's share in the fair value of the net asset acquired. Such goodwill is then the subject of an impairment test by comparing the net book value of the groups of buildings with their value in use. The calculation of the value in use is based on assumptions of future cash flows, indexation rates, cash flow years and residual values (more details are given in Note 21).

IV Transactions

When acquiring a portfolio through the purchase of company shares, the Group takes into account the percentage of shares held and the appointment capacity by the Directors in order to determine whether the control exercised by the Group is joint or exclusive.

When a property portfolio meets the definition of a business combination as defined under IFRS 3, the Group restates the assets and liabilities acquired in the context of the business combination at their fair value. The fair value of the property assets of the business combination is determined based on the value given by the independent real estate experts (more details are given in Note 40).

1 The data provided by Bloomberg result from price observations relating to actual transactions and the application to these observations of valuation models developed in the scientific litterature (www.bloomberg.com).

NOTE 3. MANAGEMENT OF OPERATIONAL RISK

By operating risk, Cofinimmo means the risk of losses due to inadequacies in the company's procedures or failures in its management.

The Group actively manages its client base in order to minimise vacancies and tenant turnover in the office segment. The Property Management team is responsible for swiftly resolving tenant complaints, while the letting team maintains regular contact with them so as to offer alternative solutions from within the portfolio should tenants require more or less space. Although this activity is fundamental to protect rental income, it has little impact on the price at which a vacant property can be let, as that price depends on the prevailing market conditions. Most of the lease contracts include a provision whereby rents are annually indexed. Before accepting a new client, a credit risk analysis is requested from an outside rating agency. An advance deposit or bank guarantee corresponding to six months' rent is generally requested from private sector tenants.

With a few exceptions, rents are payable in advance, on a monthly, quarterly or yearly basis. A quarterly provision covering property charges and taxes incurred by the Group but contractually rechargeable to tenants is also requested. The level of rental defaults recorded net of recoveries represents 0.075 % of the total turnover over the period 1996-2018. An important deterioration in the general economic situation is likely to magnify losses on lease receivables, particularly in the office sector. The possible insolvency of a major tenant can represent a significant loss for Cofinimmo, as well as an unexpected vacancy or even having to rent out the vacant space at a price significantly lower than the level of the terminated contract.

Direct operating costs, on the other hand, are driven essentially by two factors:

- the age and quality of buildings, which determine the level of maintenance and repair expenses, both closely monitored by the Property Management team, while the execution of the works is outsourced;
- the vacancy level of office properties and the tenant turnover, which determine the level of expenses for unlet space, the letting fees, the refurbishment costs, the incentives granted to new clients, etc. which the active commercial management of the portfolio is designed to minimise.

The healthcare assets and accommodation of elderly people and the buildings of the distribution networks are almost occupied at 100 %. The first one are rented to operator groups whose solvency is analysed annually. The second one are let to large companies. The reletting or reconversion scenarios at the end of the lease are cautiously analysed and prepared in due time. The smaller buildings included in the distribution networks are sold when the tenant leaves.

Construction and refurbishment projects are prepared and supervised by the Group's Project Management team with a mandate to complete them on time and on budget. For the management of large-scale projects, specialised outside companies are brought in by the Group.

The risk of buildings being destroyed by fire or other disastrous events is insured for a total reconstruction value of 1,802.5 million EUR[1], compared with a fair value of the investment properties of 1,555.9 million EUR as at 31.12.2018, including the value of the land. Cover has also been taken against vacancies resulting from these events. Moreover, Cofinimmo has insurance for its public liability as the building's owner or project supervisor (details of the Group's financial risk are provided in Note 25).

1 This amount does not include the insurances taken during works, nor those that are contractually borne by the occupant (i.e. for healthcare real estate, the pubs and restaurants of the Pubstone portfolio as well as certain office buildings), nor those related to lease finance contracts. Furthermore, this amount does not include the insurances related to buildings rented to MAAF (first-rank insurance on all the freehold properties and second-rank insurance on the co-owned properties), which are covered for the value of the reconstruction.

NOTE 4. ACQUISITIONS OF SUBSIDIARIES AND JOINT VENTURES

General information			
Company	**Stella Vitalis portfolio**	**ARCON-TRUST dritte Immobilienanlangen GmbH**	**RHONE ARTS SA/NV**
Date of acquisition	15.06.2018	11.09.2018	19.12.2018
Number of entities	14	1	1
Sector	Healthcare	Healthcare	Offices
Country	Germany	Germany	Belgium
% of ownership by Cofinimmo Group as at 31.12.2018 - Global consolidation	94.90 %	89.90 %	100 %
Direct or indirect acquisition by Cofinimmo SA/NV	Indirect	Indirect	Direct
Valuation of buildings to determine the value of the acquired securities[1] (x 1,000,000 EUR)	**177**	**19**	**20**

These acquisitions were not considered as business combinations as stipulated in IFRS 3 since they themselves are not 'business' acquisitions. A 'business' is defined as an integrated set of activities and assets.

1 These three acquisitions, as well as the price supplements linked to prior acquisitions generated a cash outflow of 202 MEUR.

NOTE 5. SECTOR INFORMATION

In fair value, healthcare real estate 50.5 % of the portfolio, offices represent 33.7 %, property of distribution networks 15.0 % and the other business sectors 0.8 % (the different property segments are described on pages 14 to 21).

	Healthcare real estate								Offices					
(x 1,000 EUR)	Belgium		France		Netherlands		Germany		Brussels CBD[1]		Brussels Decentralised		Brussels Periphery	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
INCOME STATEMENT														
Net rental income	**52,011**	**49,775**	**25,923**	**25,774**	**11,902**	**11,159**	**17,258**	**9,049**	**24,558**	**25,413**	**27,689**	**35,078**	**8,647**	**8,356**
Property result after direct property costs	**51,902**	**49,233**	**25,686**	**25,332**	**10,565**	**10,020**	**16,637**	**8,616**	**21,466**	**23,056**	**16,310**	**25,218**	**6,836**	**6,189**
Property management costs														
Corporate management costs														
Gains or losses on disposals of investment properties and other non-financial assets		-16	-16			-365			26,966			0		
Changes in fair value of investment properties	12,831	22,946	-12,196	-11,485	11,314	-253	-8,013	302	16,060	44,199	-27,091	-47,562	-5,979	-7,937
Other result on the portfolio			-12,157	-6,931	263	-301	-914	-397	-125					
Operating result	**64,733**	**72,163**	**1,318**	**6,916**	**22,142**	**9,102**	**7,710**	**8,521**	**64,366**	**67,254**	**-10,781**	**-22,345**	**857**	**-1,748**
Financial result														
Share in the result of associated companies and joint ventures			845	1,205										
Taxes														
NET RESULT														
Net result - Group share														
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
BALANCE SHEET														
Assets														
Goodwill			11,409	23,329										
Investment property of which:	879,575	856,160	394,230	401,740	210,390	181,613	397,400	148,600	510,535	564,649	402,958	456,529	121,556	126,451
Development projects	13,140	11,121			6,990	1,560			32,911	102,060	49,957	54,822	422	380
Assets held for own use											7,352	8,752		
Assets held for sale				800							33,663			
Other assets														
TOTAL ASSETS														
Shareholders' equity and liabilities														
Shareholders' equity														
Shareholders' equity attributable to shareholders of parent company														
Minority interests														
Liabilities														
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES														

1 Central Business District.

Three clients represent more than 10 % of the contractual rent: Korian and Armonea, both tenants in the care and nursing home segment, for 37 million EUR and 25 million EUR respectively; AB InBev, tenant in the property of distribution networks sector for an amount of 30 million EUR.

	Offices				Property of distribution networks						Other		Amounts not allocated		Total	
	Antwerp		Other regions		Pubstone Belgium		Pubstone Netherlands		Cofinimur I							
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	4,871	**4,731**	**7,858**	**7,767**	**19,810**	**19,416**	**9,843**	**10,056**	**7,741**	**7,845**	**1,978**	**1,916**			**220,088**	**216,335**
	4,298	**4,250**	**7,659**	**7,357**	**19,108**	**18,757**	**9,291**	**9,890**	**7,416**	**7,600**	**1,852**	**2,318**			**199,028**	**197,836**
													-17,573	-18,052	-17,573	-18,052
													-7,531	-7,737	-7,531	-7,737
	500	151		0	787	1,413	110	-145	89	-26		430		0	28,436	1,443
	-591	139	598	4,183	3,861	2,333	2,555	-857	326	1,229	66	3,025			-6,259	10,261
					-1,168	-7,000	-1,668	-3,064					-2,382	1,872	-18,150	-15,822
	4,208	**4,539**	**8,257**	**11,541**	**22,588**	**15,502**	**10,289**	**5,824**	**7,832**	**8,803**	**1,918**	**5,773**	**-27,487**	**-23,917**	**177,951**	**167,929**
													-24,860	**-23,280**	**-24,860**	**-23,280**
													-4		841	1,205
													-2,480	**-3,933**	**-2,480**	**-3,933**
															151,452	141,921
															145,613	137,362
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
					36,127	37,277	24,020	24,550							71,556	85,156
	66,689	67,379	121,517	120,110	292,016	287,574	142,101	140,116	126,625	127,515	28,611	28,544			3,694,202	3,506,981
	415	479								560					103,836	170,983
															7,352	8,752
															33,663	800
													222,046	189,644	222,046	189,644
															4,021,466	3,782,582
													2,166,365	1,986,440	2,166,365	1,986,440
													2,082,130	1,903,159	2,082,130	1,903,160
													84,234	83,280	84,234	83,280
													1,855,102	1,796,142	1,855,102	1,796,142
															4,021,466	3,782,582

NOTE 6. RENTAL INCOME AND RENTAL-RELATED EXPENSES

(x 1,000 EUR)	2018	2017
Rental income	**212,170**	**204,043**
Rents	216,441	208,704
Gross potential income[1]	229,977	222,216
Vacancy[2]	-13,536	-13,512
Cost of rent-free periods	-3,839	-4,253
Concessions granted to tenants	-619	-930
Indemnities for early termination of rental contracts[3]	188	522
Writeback of lease payments sold and discounted	**8,815**	**12,473**
Rental-related expenses	**-897**	**-181**
Rent payable on rented premises	-250	-75
Writedowns on trade receivables	-654	-113
Writeback of writedowns on trade receivables	8	7
TOTAL	**220,088**	216,335

Except in some rare cases, the leases contracted by the Group are subject to indexation.

The Group leases out its properties under operating leases and finance leases. Only revenues from operating leases appear under rental income.

The amount under the item 'Writeback of lease payments sold and discounted' represents the difference between the discounted value (at the rate agreed upon disposal), at the beginning and at the end of the year, of the future inflation-linked payments on the lease contracts which receivables have been sold. The writeback through the income statement allows for a gradual reconstitution of the gross initial value of the concerned buildings at the end of the lease. It is a recurring and non-cash income item (see Note 2: 'Significant accounting methods under I Properties leased for long periods; III sale of future lease payments under a long lease not qualifying as a finance lease').

The change in the fair value of these buildings is determined by the independent real estate expert and is taken as profit or loss under the item 'Changes in the fair value of investment properties' in the proportion indicated in Note 2. This time, it is a non-recurring item as it depends on the expert's assumptions as to future market conditions.

TOTAL RENTAL INCOME

When a lease is classified as a finance lease, the property is considered to be disposed of, and the Group is considered to have an interest in a finance lease instead. Payments received on the finance leases are split between 'capital' and 'interests': the capital element is taken to the balance sheet and offset against the Group's finance lease receivable and the interest element to the income statement. Hence, only the part of the rents relating to interests flows through the income statement.

Total income generated from the Group's properties, through operating and finance leases

(x 1,000 EUR)	2018	2017
Rental income from operating leases	212,170	204,043
Interest income in respect of finance leases	5,061	4,961
Capital receipts in respect of finance leases	1,831	1,800
TOTAL	**219,062**	210,804

1 The gross potential income corresponds to the sum of the real rents and the estimated rents attributed to unlet spaces.
2 The rental vacancy is calculated on unlet spaces based on the rental value estimated by independent real estate experts.
3 Early termination compensations are booked directly in full on the income statement.

Total minimum future rental receivables under non-cancellable operating leases and finance leases in effect at December 31st

(x 1,000 EUR)	2018	2017
Operating lease	**2,531,234**	**2,286,212**
Less than one year	228,309	213,599
Between one and five years	554,947	538,695
More than five years	1,747,978	1,533,918
Finance lease	**103,646**	**86,974**
Less than one year	1,915	1,826
Between one and five years	28,128	26,336
More than five years	73,603	58,812
TOTAL	**2,634,880**	2,373,186

NOTE 7. NET REDECORATION EXPENSES[1]

(x 1,000 EUR)	2018	2017
Costs payable by the tenant and borne by the landlord on rental damage and redecoration at end of lease[2]	2,462	4,572
Recovery of property charges	6	-1,725[3]
TOTAL	**2,468**	2,847

NOTE 8. TAXES AND CHARGES ON RENTED PROPERTIES NOT RECOVERED FROM TENANTS

(x 1,000 EUR)	2018	2017
Recovery income of charges and taxes normally payable by the tenant on let properties	**41,653**	**43,753**
Rebilling of rental charges invoiced to the landlord	20,141	17,687
Rebilling of withholding taxes and other taxes on let properties	21,512	26,066
Charges and taxes normally payable by the tenant on let properties	**-47,545**	**-47,298**
Rental charges invoiced to the landlord	-20,042	-17,869
Withholding taxes and other taxes on let properties	-23,031	-27,316
Taxes on refurbishment not recovered[4]	-4,472	-2,113
TOTAL	**-5,891**	-3,545

Under usual lease terms, these charges and taxes are borne by the tenants through rebilling. However, a number of lease contracts of the Group provide otherwise, leaving taxes or charges to be borne by the landlord.

1 According to Annex C of the Royal Decree of 13.07.2014, the exact terminology is 'Cost payable by the tenant and borne by the landlord on rental damage and redecoration at end of lease' and 'Recovery of the property charges'.

2 In 2017, the take-back costs, after deduction of compensation for rental damage, were mainly the result of renovation work in the office building Bourget 42, after the departure of the IBM tenant at the end of 2016, as well as work in the office building Loi/Wet 34, acquired in 2016, before its occupation by new tenants.

3 The recovery of property charges is due to the receipt of a rental fee in the first quarter of 2017 of 1.6 million EUR as a result of the acquisition of the office building Loi/Wet 34 in 2016.

4 The increase in 'Non-recovered taxes on buildings under renovation' is a result of the end of the exploitation of the Vorst 23-25 site in August 2017.

NOTE 9. TECHNICAL COSTS

(x 1,000 EUR)	2018	2017
Recurrent technical costs	**5,934**	**4,822**
Repairs	5,478	4,348
Insurance premiums	455	474
Non-recurrent technical costs	**488**	**574**
Major repairs (building companies, architects, engineering offices, etc.)[1]	418	807
Damage expenses	69	-233
Losses providing from disasters and subject to insurance cover	1,168	1,071
Insurance compensation for losses providing from disasters	-1,099	-1,304
TOTAL	**6,421**	5,396

NOTE 10. COMMERCIAL COSTS

(x 1,000 EUR)	2018	2017
Letting fees paid to real estate brokers	636	529
Advertising	84	104
Fees paid to experts	1,072	950
TOTAL	**1,791**	1,583

1 Except for capital expenditures.

NOTE 11. MANAGEMENT COSTS

Management costs are split between asset management costs and other costs.

PROPERTY MANAGEMENT COSTS

These costs comprise the costs of the personnel responsible for this activity, the operational costs of the company headquarters and the fees paid to third parties. The management fees collected from tenants partially covering the costs of the Property Management activity are deducted.

The portfolio is managed in-house, except for the healthcare real estate properties in Germany.

CORPORATE MANAGEMENT COSTS

The corporate management costs cover the overhead costs of the company as a legal entity listed on the stock exchange and as an RREC. These expenses are incurred in order to provide complete and continued information, economic comparability with other types of investment and liquidity for the shareholders who invest indirectly in a property portfolio. Certain costs of studies relating to the Group's expansion also come under this category.

The internal costs of property management and corporate management costs are divided as follows:

	Property management costs		Corporate management costs		Total	
(x 1,000 EUR)	2018	2017	2018	2017	2018	2017
Office charges	**1,805**	**1,747**	**773**	**749**	**2,578**	**2,496**
Fees paid to third parties	**2,492**	**2,575**	**1,068**	**1,103**	**3,560**	**3,678**
Recurrent	1,870	1,704	802	730	2,672	2,434
Non-recurrent	622	871	266	373	888	1,244
Public relations, communication and advertising	**466**	**435**	**200**	**187**	**666**	**622**
Personnel expenses	**11,365**	**11,934**	**4,871**	**5,115**	**16,235**	**17,049**
Salaries	8,674	9,263	3,717	3,970	12,391	13,233
Social security	1,607	1,648	689	707	2,295	2,355
Pensions and other benefits	1,084	1,023	465	438	1,549	1,461
Taxes and regulatory fees	**1,446**	**1,361**	**620**	**583**	**2,065**	**1,944**
TOTAL	**17,573**	18,052	**7,531**	7,737	**25,104**	25,789

The real estate experts' fees amounted to 1,081,711 EUR for the year 2018 and include the recurring and non-recurring fees. These honoraria are partly calculated based on a fixed amount per square metre and partly on a fixed amount per property.

GROUP INSURANCE

The group insurance subscribed by Cofinimmo for its employees and the members of its Executive Committee has the following objectives:

- payment of a 'Life' benefit to the affiliate at retirement;
- payment of a 'Death' benefit to the beneficiaries of the affiliate in case of death before retirement;
- payment of a disability pension in case of accident or long-term illness other than professional;
- waiver of premiums in the same cases.

In order to protect workers, the Law of 18.12.2015 to ensure the sustainability and the social nature of supplementary pensions and to strengthen the supplementary nature in relation to retirement pensions provides that Cofinimmo's employees must be guaranteed a minimum return on the 'Life' portion of the premiums.

This minimum return amounts to 3.75 % of the gross premiums for the personal contributions and to 3.25 % of the premiums for the employer's contributions until 31.12.2015. As from 2016, the minimum return required by law on the supplementary pension decreased to 1.75 %.

The rate guaranteed by the insurer is 0.1 %. Cofinimmo must, therefore, cover part of the rates guaranteed by the Law. If necessary, additional amounts must be brought under the reserves to reach the guaranteed returns for the services given.

EMOLUMENTS OF THE AUDITOR

The fixed emoluments of Deloitte, Reviseurs d'Entreprises/Bedrijfsrevisoren for reviewing and certifying Cofinimmo's company and consolidated accounts amounted to 108,035 EUR (excluding VAT). Its emoluments for certifying the company accounts of Cofinimmo's subsidiaries amounted to 135,625 EUR (excluding VAT) and are calculated per company based on their effective performances. This amount the Auditor's emoluments for reviewing the accounts of the Group's French subsidiaries. The emoluments for the non-audit services rendered by Deloitte, Reviseurs d'Entreprises/Bedrijfsrevisoren amounted to 165,100 EUR (excluding VAT) during the financial year and are related to legal missions and other assistance, in accordance with the independence requirements. The auditor confirms compliance with the '70 % (art. 133/2, § 1 Company Code) rule' for the 2018 financial year.

(x 1,000 EUR)	2018	2017
Emoluments of the Auditor	**392**	**255**
Emoluments for the execution of a mandate of company Auditor	244	213
Emoluments for exceptional services or special assignments within the Group	149	42
Other certification assignments	88	16
Other assignments external to the auditing duties	61	26
Emoluments of people with whom the Auditor is connected	**17**	**10**
Emoluments for exceptional services or special assignments within the Group	17	10
Other opinion missions	17	
Tax advisory duties		10
Other assignments external to the auditing duties		
TOTAL	**409**	265

The emoluments of the company Auditors, other than Deloitte, appointed for the Group's French companies amounted to 16 KEUR (excluding VAT) in 2018 and are not included in the table above.

NOTE 12. RESULT ON DISPOSALS OF INVESTMENT PROPERTIES AND OTHER NON-FINANCIAL ASSETS

(x 1,000 EUR)	2018	2017
Disposal of investment properties		
Net disposal of properties (selling price - transaction costs)	368,507	19,409
Book value of properties sold (fair value of assets sold)	-340,071	-17,966
SUBTOTAL	**28,436**	**1,443**
Disposal of other non-financial assets		
Net disposals of other non-financial assets		
Other		
SUBTOTAL	**0**	**0**
TOTAL	**28,436**	1,443

The disposals of investment properties relate to all of the sectors (see Note 37 for more details).

NOTE 13. CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES

(x 1,000 EUR)	2018	2017
Positive changes in the fair value of investment properties	61,650	111,068
Negative changes in the fair value of investment properties	-67,908	-100,807
TOTAL	**-6,259**	10,261

Writeback of The breakdown of the changes in fair value of properties is presented in Note 23.

NOTE 14. OTHER RESULT ON THE PORTFOLIO

(x 1,000 EUR)	2018	2017
Changes in the deferred taxes[1]	-2,549	-3,384
Writeback of rents already earned but not expired	-2,600	326
Goodwill impairment[2]	-13,600	-14,100
Other	599	1,336
TOTAL	**-18,150**	-15,822

Writeback of rents already earned but not expired recognised during the period, results from the application of the accounting method in Note 2, point R.

NOTE 15. FINANCIAL INCOME

(x 1,000 EUR)	2018	2017
Interests and dividends received[3]	563	633
Interest receipts from finance leases and similar receivables	5,061	4,961
Other[4]	3,334	
TOTAL	**8,958**	5,594

1 See Note 32.

2 See Note 21.

3 The amount of dividends received is null at 31.12.2018.

4 This amount mainly includes the take-back of a maintenance provision for the Egmont I and II office buildings, a provision that has become superfluous by the signing of the long-term lease agreement for these buildings (one-off element). This provision was recognised in the financial result at the time of the sale of receivables.

NOTE 16. NET INTEREST CHARGES

(x 1,000 EUR)	2018	2017
Nominal interest on borrowings	**15,449**	**16,550**
Bilateral loans - floating rate	3,132	2,941
Commercial papers - floating rate	309	547
Investment credits - floating or fixed rate	605	549
Bonds - fixed rate[1]	10,992	12,102
Convertible bonds	411	411
Reconstitution of the nominal value of financial debts	**802**	**812**
Charges relating to authorised hedging instruments	**11,550**	**9,708**
Authorised hedging instruments qualifying for hedge accounting under IFRS		
Authorised hedging instruments not qualifying for hedge accounting under IFRS	11,550	9,708
Income relating to authorised hedging instruments	**0**	**0**
Authorised hedging instruments qualifying for hedge accounting under IFRS		
Authorised hedging instruments not qualifying for hedge accounting under IFRS		
Other interest charges[2]	**2,507**	**2,856**
TOTAL	**30,307**	29,926

The effective interest charges on loans correspond to an average effective interest rate on loans of 1.90 % (2017: 1.95 %). The effective charge without taking into account the hedging instruments stands at 1.17 %. This percentage can be split up between 0.19 % for the borrowings at fair value and 1.33 % for the borrowings measured at amortised cost[3].

Cofinimmo no longer holds interest rate hedging instruments to which the hedge accounting of the cash flow is applied; the instruments still used for hedging interest rate changes which are not designated in the accounting, as such, but rather as instruments held for trading (see Note 2, point R, III).

NOTE 17. OTHER FINANCIAL CHARGES

(x 1,000 EUR)	2018	2017
Bank fees and other commissions	403	426
Other	95	200
TOTAL	**498**	626

1 The decrease in nominal interest rates on fixed rate bonds is due to the expiration of a bond for 50 million EUR in the fourth quarter of 2017.

2 This concerns commissions on unused credit facilities.

3 Interest on loans at amortised cost (2018: 18,346 KEUR/2017: 19,807 KEUR) consists of 'Other interest charges', 'Reconstitution of the nominal amount of financial debts' and 'Nominal interest on loans' (with the exception of the 'Convertible bonds'). Interest on loans at fair value via the net result (2018: 11,961 KEUR/2017: 10,119 KEUR) consists of 'Costs and Proceeds from permitted hedging instruments', as well as the 'Convertible Bonds'.

NOTE 18. CHANGES IN THE FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

(x 1,000 EUR)	2018	2017
Authorised hedging instruments qualifying for hedge accounting	**1,454**	**-11,444**
Changes in fair value of authorised hedging instruments qualifying for hedge accounting[1]	0	-163
Impact of the recycling on the income statement of hedging instruments which relationship with the hedged risk was terminated	1,454	-11,281
Authorised hedging instruments not qualifying for hedge accounting	**-4,688**	**13,203**
Changes in fair value of authorised hedging instruments not qualifying for hedge accounting[2]	-2,899	14,478
Convertible bonds	-1,789	-1,275
Other	**220**	**-81**
TOTAL	**-3,013**	1,678

The impact of the recognition in the result of hedging instruments for which the hedging relationship has come to an end (1,454 KEUR) corresponds with a deferred amount in equity capital in 2017 (578 KEUR) and the positive result of the cancellation (in the first quarter) of two sales options for a foreign currency in euros (876 KEUR).

For 2017, this impact was due to the cancellation in 2015 of FLOOR options for 400 million EUR. These options ran until the end of 2017. This operation led to a decrease in the interest charges in the coming years. The total restructuring costs amounted to 32 million EUR in 2015 (see the 'Management of the financial resources' and 'Risk factors' sections for more details about the hedging policy).

NOTE 19. CORPORATE TAX AND EXIT TAX

(x 1,000 EUR)	2018	2017
CORPORATE TAX	**-2,806**	-3,864
Parent company	**-1,035**	**-3,261**
Pre-tax result	146,220	124,317
Result exempted from income tax due to the RREC regime	-146,220	-124,317
Taxable result from non-deductible costs	4,553	4,184
Tax at rate of 29.58 % (2017: 33.99 %)	-1,347	-1,422
Other	312	-1,839
Subsidiaries	**-1,771**	**-603**
EXIT TAX - SUBSIDIARIES	**327**	-69

The non-deductible costs mainly comprise the office tax in the Brussels Capital Region. With the exception of the institutional RRECs, the Belgian subsidiaries are not subject to the RREC regime. The Dutch subsidiary Pubstone Properties BV is not eligible for the FBI regime. The results from investments in Germany are partly taxable.

1 The gross amounts were respectively 393 KEUR and 556 KEUR in 2017.
2 The gross amounts are respectively a product of 11,202 KEUR (2017 : 19,236 KEUR) and an expense of 14,101 KEUR (2017 : 4,758 KEUR).

NOTE 20. NET RESULTAT PER SHARE - GROUP SHARE

The calculation of the result per share at the closing date is based on the net result from core activities/net result attributable to the ordinary and preferred shareholders being 145,004 KEUR (2017 : 139,090 KEUR)/145,613 KEUR (2017 : 137,362 KEUR) and on the number of ordinary and preference shares entitled to share in the result closed at 31.12.2018 being 22,133,963 (2017 : 21,308,702).

The diluted result per share takes into account the impact of the theoretical conversion of the convertible bonds issued by Cofinimmo, of the Mandatory Convertible Bonds (MCB) issued by Cofinimur I as well as stock options.

(in EUR)	2018	2017
Net result - Group share	**145,613,226**	**137,362,317**
Number of ordinary and preference shares entitled to share in the result of the period	22,133,963[1]	21,308,702
Net result from core activities per share - Group share	**6.55**	**6.53**
Result on financial instruments per share - Group share	**-0.15**	**0.05**
Result on the portfolio per share - Group share	**0.18**	**-0.13**
Net result per share - Group share	**6.58**	**6.45**
Net diluted result - Group share	**146,163,045**	**137,769,806**
Number of ordinary shares entitle to share in the result of the period taking into account the theoretical conversion of the convertible bonds and stock options[2]	23,556,377	22,731,584
Net diluted result per share - Group share	**6.20**	6.06

Dividend per share[3]

(in EUR)	2018 financial year (to be paid in 2019)	2017 financial year (to be paid in 2018)
Gross dividends attributable to ordinary shareholders	117,986,535	113,438,650
Gross dividend per ordinary share	5.50	5.50
Net dividend per ordinary share	3.85	3.85
Gross dividends attributable to preference shareholders	4,345,206	4,353,850
Gross dividend per preference share	6.37	6.37
Net dividend per preference share	4.459	4.459

A gross dividend for the 2018 financial year for ordinary shares of 5.50 EUR[4] per share (net dividend per share of 3.85 EUR) for a total dividend of 117,986,535.36 EUR will be proposed at the Ordinary General Meeting of 08.05.2019. The number of ordinary shares entitled to the dividend for the 2018 financial year was 22,270,765[5] on the date the accounts were closed.

The Board of Directors has proposed the suspension of the right to a dividend for 34,350 ordinary treasury shares still held by Cofinimmo as part of its stock option plan and the cancellation of of the right to a dividend for the 5,997 remaining treasury shares.

A gross dividend for the 2018 financial year for preference shares of 6.37 EUR per share (net dividend per share of 4.459 EUR) for a total dividend of 4,345,206.32 EUR will be proposed at the Ordinary General Meeting of 08.05.2019. The number of preference shares entitled to the dividend for the 2018 financial year was 682,136 on the closing date of the accounts.

1 Taking into account the new ordinary shares created during the capital increase of 02.07.2018 and entitled to thare in the result of the 2018 financial year as of this date.

2 In accordance with IAS 33, the 2016 convertible bond (maturity 2021) has been included in the calculation of the net diluted result in 2017 and 2018 as it would have had a dilutive impact on the net diluted result per share.

3 Based on the parent company's result.

4 The gross dividend for the new ordinary shares created during the capital increase of 02.07.2018 amounts to 2.76 EUR (net 1.932 EUR),which represents dividend the dividend for the period from 02.07.2018 until 31.12.2018.

5 20,628,391 ordinary shares entitled to share in the full 2018 financial year, and 1,642,374 new ordinary shares created during the capital increase of 02.07.2018, which share in the result of the 2018 financial year as of this date.

The withholding tax rate applicable to dividends allocated since 01.01.2017 is 30 % (formerly 27 %). Belgian law provides for exemptions which dividend beneficiaries can benefit from depending on their status and the eligibility conditions to be met. In addition, the agreements in place to prevent double taxation provide for reductions in the withholding tax on dividends.

Shares

	Total	
(number)	2018	2017
Number of shares (A)		
AS AT 01.01	**21,350,874**	21,031,190
Capital increase	1,642,374	319,684
Conversion of convertible bonds into ordinary shares		
AS AT 31.12	**22,993,248**	21,350,874
Treasury shares held by the Group (B)		
AS AT 01.01	**42,172**	44,864
Treasury shares (sold/acquired) - net	-1,825	-2,692
AS AT 31.12	**40,347**	42,172
Number of shares outstanding (A-B)		
AS AT 01.01	**21,308,702**	20,986,326
Capital increase	1,642,374	319,684
Conversion of convertible bonds into ordinary shares		
Treasury shares (sold/acquired) - net	1,825	2,692
AS AT 31.12[1]	**22,952,901**	21,308,702

SHARE CLASSES

The Group issued two classes of assets:

Ordinary shares: The holders of ordinary shares are entitled to dividends when they are declared and are entitled to one vote per share at the Company's General Shareholders' Meetings. The par value of each ordinary share was 53.59 EUR at 31.12.2018. The ordinary shares are listed on Euronext Brussels.

Convertible preference shares: two separate series of preference shares were issued in 2004. They both have the same main characteristics:

- Priority right to an annual gross fixed dividend of 6.37 EUR per share, capped at that amount and noncumulative;
- Priority right to a distribution equal to the issue price of the shares in the event of liquidation, capped at that amount;
- Option for the holder to convert their preference shares into ordinary shares starting on the fifth anniversary of their issue date (01.05.2009) at the rate of one ordinary share for one preference share;
- Option for a third party designated by Cofinimmo (for example, one of its subsidiaries) to buy in cash, at the issue price, as of the 15th anniversary of their issue (2019), any preference shares which have not yet been converted ;
- Preference shares are registered and listed on Euronext Brussels. They provide identical voting rights to those of ordinary shares.

The first series of preference shares was issued at 107.89 EUR and the second at 104.40 EUR per share. The par value of the two series is 53.33 EUR per share.

1 The number of shares outstanding also includes preference shares, which amounted to 682,136 at the end of 2018 (2017: 683,493). The difference results from the conversion of 1,357 preference shares into ordinary shares during 2018.

Shares held by the Group: At 31.12.2018, the Group held 40,347 ordinary shares as treasury stock (31.12.2017): 42,172) (see table on the previous page).

In accordance with the Law of 14.12.2005 on the abolition of bearer shares, as amended by the Law of 21.12.2013, the Company proceeded with the sale of the physical securities still outstanding and received a report from its Auditor certifying the conformity of the procedure implemented for this sale.

AUTHORISED CAPITAL

For more information: See the 'Corporate Governance Statement' chapter.

NOTE 21. GOODWILL

PUBSTONE

Cofinimmo's acquisition in two stages (31.10.2007 and 27.11.2008) of 89.90 % of the shares of Pubstone Group SA/NV (formerly Express Properties SA/NV) (see page 31 of the 2008 Annual Financial Report) generated a goodwill for Cofinimmo resulting from the positive difference between the acquisition cost and Cofinimmo's share in the fair value of the net asset acquired. More specifically, this goodwill results from:

- the positive difference between the conventional value offered for the property assets at the acquisition (on which the price paid for the shares was based) and the fair value of these property assets (being expressed after deduction of the transfer rights standing at 10.0 % or 12.5 % in Belgium and at 6.0 % in the Netherlands);
- the deferred tax corresponding to the theoretical assumption required under IAS/IFRS of an immediate disposal of all the properties at the closing date. A tax rate of respectively 34 % and 25 % for the assets located in Belgium and in the Netherlands has been applied to the difference between the tax value and the market value of the assets at the acquisition.

COFINIMMO INVESTISSEMENTS ET SERVICES (CIS)

Cofinimmo's acquisition of 100 % of the shares of Cofinimmo Investissements et Services (CIS) SA (formerly Cofinimmo France SA) on 20.03.2008 generated a goodwill for Cofinimmo resulting from the positive difference between the acquisition cost and the fair value of the net asset acquired. More specifically, this goodwill results from the positive difference between the conventional value offered for the property assets at the acquisition (on which the price paid for the shares was based) and the fair value of these property assets (being expressed after deduction of the transfer duties standing at 1.8 % and 6.2 % in France).

Goodwill variation

(x 1,000 EUR)	Pubstone Belgium	Pubstone Netherlands	CIS France	Total
COST				
AT 01.01.2018	100,157	39,250	26,929	166,336
AT 31.12.2018	**100,157**	**39,250**	**26,929**	**166,336**
WRITEDOWNS				
AT 01.01.2018	**62,880**	**14,700**	**3,600**	**81,180**
Writedowns recorded during the financial year	1,150	530	11,920	13,600
AT 31.12.2018	**64,030**	**15,230**	**15,520**	**94,780**
BOOK VALUE				
AT 01.01.2018	**37,277**	**24,550**	**23,329**	**85,156**
AT 31.12.2018	**36,127**	**24,020**	**11,409**	**71,556**

IMPAIRMENT TEST

At the end of the financial year 2018, the goodwill was subject to an impairment test (executed on the groups of properties to which it was allocated per country), by comparing the fair value of the properties plus the goodwill to their value in use.

The fair value of the buildings is the value of the portfolio as established by the independent real estate experts. This fair value is established using three valuation methods: the ERV (Estimated Rental Value) capitalisation approach, the expected cash flow approach (projection of cash flows) and the residual valuation approach. To carry out the calculation, the independent real estate experts take as main assumptions the indexation rate, the capitalisation rate and the buildings' estimated end-of-lease disposal value. These assumptions are based on market observations taking into account investors' expectations, particularly regarding revenue growth and market risk premium (for further information, see Report of the independent real estate evaluators).

The value in use is established by the Group according to expected future net cash flows based on the rents stipulated in the tenants' leases, the expenses to maintain and manage the property portfolio, and the expected gains from disposals. The main assumptions are the indexation rate, the discount rate, an attrition rate (number of buildings and corresponding volume of revenues for which the tenant will terminate the lease, year after year), as well as the buildings' end-of-lease disposal value. These assumptions are based on the Group's knowledge of its own portfolio. The return on average required on its shareholders' equity and borrowed capital is used as the discount rate.

Given the different methods used to calculate the fair value of the buildings as established by the independent real estate experts and the value in use as established by the Group, as well as the fact that the assumptions used to calculate each of these may differ, the two values may not be the same and the differences can be justified.

For 2018, the result of this test (illustrated in the table on the previous page) leads to an impairment of 1,150 KEUR on the goodwill of Pubstone Belgium, 530 KEUR on the goodwill of Pubstone Netherlands and 11,920 KEUR for CIS. During the financial year 2018, the fair value of the Pubstone Belgium and Pubstone Netherlands portfolios recorded positive variations of 3,861 KEUR and of 2,555 KEUR respectively, whereas the fair value of CIS recorded a negative variation of 4,876 KEUR.

ASSUMPTIONS USED IN THE CALCULATION OF THE VALUE IN USE OF PUBSTONE

A projection of future net cash flows was drawn up for the remaining duration of the lease bearing on the rents less the maintenance costs, investments and operating expenses, as well as the proceeds from asset disposals.

During this remaining period, an attrition rate is taken into account based on the terms of the lease signed with AB InBev. The buildings vacated are assumed to have all been sold. At the end of the initial 27-year lease, a residual value is calculated. The sale price of the properties and the residual value are based on the average value of the portfolio per square metre assessed by the expert at 31.12.2018 indexed to 1 % (2017: 1 %) per year. Out of caution, in the cash flow projection, this margin was reduced to nil in the cash flow projection since 2015.

The indexation considered on these cash flows stands at 1.60 % for Pubstone Belgium and 1.70 % for Pubstone Netherlands. In 2017, the indexation was 1.40 % for Pubstone Belgium and 1.50 % for Pubstone Netherlands.

The discount rate used amounts to 5.36 % (2017: 5.51 %).

ASSUMPTIONS USED IN THE CALCULATION OF THE VALUE IN USE OF CIS

A projection was drawn up of future net cash flows over 27 years. The assumption adopted is the renewal of all the leases during a 27-year period from the acquisition date, except for some assets for which the Group considers a high probability of release at the end of the lease.

The cash flow comprises the present indexed rent up to the date of the first renewal of the lease. After this date, the cash flow considered is the indexed allowable rent. Cash expenditures foreseen in the buildings' renovation plan are also taken into account. Allowable rents are rents estimated by the expert, stated in his portfolio valuation at 31.12.2018, which are considered sustainable in the long term in terms of the profitability of the activity of the operating tenant.

At the 28th year, a residual value is calculated per property.

The indexation considered for these cash flows stands at 1.8 % per year (2017: 2 %).

The discount rate used amounts to 5.36 % (2017: 5.51 %).

Impairment of goodwill

(x 1,000 EUR)				
Building group	**Goodwill**	**Net book value[1]**	**Value**	**Impairment**
Pubstone Belgium	37,277	329,293	328,143	-1,150
Pubstone Netherlands	24,550	166,651	166,121	-530
CIS France	23,329	311,963	300,043	-11,920
TOTAL	**85,156**	**807,907**	**794,307**	**-13,600**

Sensitivity analysis of the value in use when the main variables of the impairment test vary

Change in the value in use (in %)				
Building group	**Change in inflation**		**Change in discount rate**	
	+0.50 %	**-0.50 %**	**+0.50 %**	**-0.50 %**
Pubstone Belgium	+4.04 %	-3.76 %	-5.04 %	+5.41 %
Pubstone Netherlands	+3.58 %	-3.34 %	-4.77 %	+5.12 %
CIS France	+4.73 %	-4.38 %	-5.56 %	+6.11 %

Sensitivity analysis of the impairment when the main variables of the impairment test vary

Change in the value in use[2] (in %)					
Building group	**Impairment loss recognised**	**Change in inflation**		**Change in discount rate**	
		+0.50 %	**-0.50 %**	**+0.50 %**	**-0.50 %**
Pubstone Belgium	-1,150	0	-13,489	-17,672	0
Pubstone Netherlands	-530	0	-6,085	-8,459	0
CIS France	-11,920	0	-25,054	-28,600	0
TOTAL	**-13,600**				

1 Including goodwill.
2 The value 0 was indicated when the value in use is higher than the net book value.

NOTE 22. INVESTMENT PROPERTY

(x 1,000 EUR)	Properties available for lease	Development projects	Assets held for own use	Total
AT 01.01.2017	**3,286,684**	**67,957**	**8,995**	**3,363,636**
Capital expenditures	16,206	56,649	-6	72,849
Acquisitions	58,988	622		59,610
Transfers from/to Development projects and assets held for sale	-35,951			-35,951
Transfers from/to Properties available for rent		36,646		36,646
Sales/Disposals (fair value of assets sold/disposed of)	-16,493	-1,474		-17,967
Writeback of lease payments sold and discounted	12,473			12,473
Increase/Decrease in the fair value	5,340	10,582	-237	15,685
AT 31.12.2017	**3,327,247**	**170,982**	**8,752**	**3,506,981**
Investments	14,408	22,370		36,778
Acquisitions	491,626	12,332		503,958
Transfer from/to Properties available for lease	53,859			53,859
Transfers from/to Properties available for rent		-87,522		-87,522
Sales/Disposals (fair value of assets sold/disposed of)	-339,171	-100		-339,271
Writeback of lease payments sold and discounted	8,815			8,815
Increase/Decrease in the fair value	26,229	-14,226	-1,400	10,603
AT 31.12.2018	**3,583,014**[1]	**103,836**	**7,352**	**3,694,202**[1]

The fair value of the portfolio, as determined by the independent experts, stands at 3,727,865 KEUR at 31.12.2018. It includes investment properties for 3,694,202 KEUR and assets held for sale for 33,663 KEUR.

FAIR VALUE OF INVESTMENT PROPERTIES

Investment properties are accounted for at fair value using the fair value model in accordance with IAS 40. This fair value is the price at which a property could be exchanged between knowledgeable and willing parties in normal competitive conditions. It is determined by the independent experts in a two-step approach.

In the first step, the experts determine the investment value of each property (see methods below).

In a second step, the experts deduct from the investment value an estimated amount for the transaction costs that the buyer or seller must pay in order to carry out a transfer of ownership. The investment value less the estimated transaction costs (transfer rights) is the fair value within the meaning of IAS 40.

In Belgium, the transfer of ownership of a property is subject to the payment of transfer rights. The amount of these taxes depends on the method of transfer, the type of purchaser and the location of the property. The first two elements, and therefore the total amount of taxes to be paid, are only known once the transfer has been completed.

1 Including the faire value of the investment properties subject to disposal of receivables, which amounts to 138,830 KEUR.

The range of methods for the major types of property transfer and corresponding taxes include:

- sale contracts for property assets: 12.5 % for properties located in the Brussels Capital Region and in the Walloon Region, 10.0 % for properties located in the Flemish Region;
- sale of property assets under the rules governing estate traders: 4.0 % to 8.0 %, depending on the Region;
- long-lease agreement for property assets (up to 50 years for building leases and up to 99 years for long lease): 2.0 %;
- sale contracts for property assets where the purchaser is a public body (e.g. an entity of the European Union, the Federal Government, a regional government or a foreign government): tax exemption;
- contribution in kind of property assets against the issue of new shares in favour of the contributing party: tax exemption;
- sale contract for shares of a real estate company: no taxes;
- merger, split and other forms of company restructuring: no taxes, etc.

The effective rate of the transfer right therefore varies from 0 % to 12.5 %, whereby it is not possible to predict which rate would apply to the transfer of a given property before that transfer has effectively taken place.

Historically, in January 2006, the independent real estate experts[1] who carry out the periodic valuation of the Belgian Regulated Real Estate Company (RECC) assets were asked to compute a weighted average transaction cost percentage to apply on the RECC's property portfolios, based on supporting historical data. For transactions concerning properties with an overall value exceeding 2.5 million EUR, given the range of different methods for property transfers (see above), the experts have calculated that the weighted average transfer tax comes to 2.5 %.

During 2016, the same real estate experts have revaluated this percentage thoroughly based on recent transactions. As a result of this revaluation, the weighted transfer tax is maintained at 2.5 %.

For transactions concerning properties located in Belgium with an overall value of less than 2.5 million EUR, transaction costs of between 10.0 % and 12.5 % apply, depending on the Region in which the property is located.

At 01.01.2004 (date of transition to IAS/IFRS), the transaction costs deducted from the investment value of the property portfolio amounted to 45.5 million EUR and were recorded under a separate equity item entitled 'Impact on the fair value of estimated transaction costs and transfer rights resulting from the hypothetical disposal of investment properties'.

The 2.5 % transaction costs have been applied to the subsequent acquisitions of buildings. At 31.12.2018, the difference between the investment value and the fair value of the global portfolio amounted to 161.93 million EUR or 7.05 EUR per share.

It is worth noting that the average gain in relation to the investment value realised on the disposals of assets operated since the changeover to the RECC regime in 1996 stands at 9.10 %. Since that date, Cofinimmo has undertaken 253 asset disposals for a total of 1,947.28 million EUR. This gain would have been 10.11 % if the deduction of transaction costs and transfer duties had been recognised as from 1996.

The transfer rights applied to the buildings located in France, the Netherlands and Germany differ as follows:

- for transactions relating to healthcare property situated in France, 6.20 % or 6.90 % of purchase costs withheld depending on the department in which the asset is situated and 1.80 % for assets less than five years old. An additional tax of 0.60 % is applied to transfer duties for assets in Ile-de-France.
- for property of distribution networks situated in France, 6.90 % of purchase costs are deducted for assets located in the departments included in the list published by the Directorate-General for Public Finance (Direction générale des Finances publiques) on 1 June 2017. For all assets in all other departments, a purchase cost of 6.20 % was deducted from the principal sum. An additional tax of 0.60 % is applied to the transfer duties applicable to commercial buildings in Ile-de-France.
- the transfer duties applied to healthcare property situated in the Netherlands depend on the last purchase date, the type of building (residential, commercial, etc.) and the manner of detention. They usually vary between 2 % and 6 %.
- for healthcare property situated in Germany, the transfer rights depend on the state in which the property is located; they generally vary between 3.5 % and 6.5 %.

1 Cushman & Wakefield, de Crombrugghe & Partners, Wissinger & Associates, Stadim and Troostwijk-Roux.

DETERMINATION OF THE VALUATION LEVEL OF THE FAIR VALUE OF THE INVESTMENT PROPERTIES

The fair value of the investment properties on the balance sheet results exclusively from the portfolio's valuation by independent real estate experts.

To determine the fair value of the investment properties, the nature, characteristics and risks of these properties, as well as available market data, were examined.

Because of the state of market liquidity and the difficulty to find unquestionably comparable transaction data, the level of valuation, within the meaning of IFRS 13, of the fair value of the Cofinimmo buildings is 3, and this for the entire portfolio.

Determination of the valuation level of the fair value of the investment properties

(x 1,000 EUR)	31.12.2018	31.12.2017
Asset category[1]	**Level 3**	**Level 3**
Healthcare real estate	**1,881,595**	**1,588,913**
Belgium	866,435	845,039
France	394,230	402,540
Netherlands	203,400	180,053
Germany	397,400	148,600
Healthcare real estate under development	20,130	12,681
Offices	**1,256,917**	**1,335,119**
Antwerp	66,274	66,900
Brussels CBD	477,623	462,589
Brussels Decentralised	386,663	401,707
Brussels Periphery/ Satellites	121,133	126,072
Other regions	121,517	120,110
Offices under development	83,706	157,741
Property of distribution networks	**560,742**	**555,205**
Pubstone Belgium	292,016	287,574
Pubstone Netherlands	142,101	140,116
Cofinimur I	126,625	127,515
Other	**28,611**	**28,544**
TOTAL	**3,727,865**[2]	3,507,781[2]

VALUATION METHODS USED

Based on a multi-criteria approach, the valuation methods used by the real estate experts are the following:

Discounted estimated rental value method

This method involves capitalising the property's estimated rental value by using a capitalisation rate (yield) in line with the real estate market. The choice of the capitalisation rate used depends essentially on the capitalisation rates applied in the property investment market, taking into consideration the location and the quality of the property and of the tenant at the valuation date. The rate corresponds to the rate anticipated by potential investors at the valuation date. The determination of the estimated rental value takes into account market data, the property's location, its quality, and, for the healthcare assets, the number of beds and, if available, the tenant's financial data (EBITDAR).

1 The basis for the valuations resulting in the fair values can be classified according to IFRS 13 as :
- level 1 : quoted prices observable in active markets;
- level 2 : obersvable data other than the quoted prices included in level 1;
- level 3 : unobservable data.

2 Including assets held for sale for 33,663 KEUR in 2018 and 800 KEUR in 2017.

The resulting value must be adjusted if the current rent generates an operating income above or below the Estimated Rental Value used for the capitalisation. The valuation also takes into account the costs to be incurred in the near future.

Discounted cash flow method

This method requires an assessment of the net rental income generated by the property on an annual basis during a defined period. This flow is then discounted. The projection period generally varies between 10 and 18 years. At the end of this period, a residual value is calculated using the capitalisation rate on the terminal rental value, which takes into account the building's expected condition at the end of the projection period, discounted.

Market comparables method

This method is based on the principle that a potential buyer will not pay more for the acquisition of a property than the price recently paid on the market for the acquisition of a similar property.

Residual value method

The value of a project is determined by defining what can/will be developed on the site. This means that the purpose of the project is known or foreseeable in terms of quality (planning) and quantity (number of square metres that can be developed, future rents, etc.). The value is obtained by deducting the costs to completion of the project from its anticipated value.

Other considerations

If the fair value cannot be determined reliably, the properties are valued at the historical cost. In 2018, the fair value of all properties could be determined reliably so that no building was valued at historical cost.

In the event that the future selling price of a property is known at the valuation date, the properties are valued at the selling price.

For the buildings for which several valuation methods were used, the fair value is the average of the results of these methods.

During the year 2018, there was no transfer between level 1, level 2, and level 3 (within the meaning of IFRS 13). In addition, there was no change in valuation methods for the investment properties in 2018.

Changes in the fair value of investment properties, based on unobservable data

(x 1,000 EUR)	
Fair value at 01.01.2018	**3,507,781**
Gains/losses recognised on the income statement	10,603
Acquisitions	503,958
Extensions/Redevelopments	18,115
Investments	18,663
Writeback of lease payments sold	8,815
Sales/Disposals	-340,071
Fair value at 31.12.2018	**3,727,865**

Quantitative information related to the determination of the fair value of investment properties, based on unobservable data (level 3)

The quantitative information in the following tables is taken from the different reports produced by the independent real estate experts. The figures are extreme values and the weighted average of the assumptions used in the determination of the fair value of investment properties. The lowest discount rates apply to specific situations.

Determination of the valuation level of the fair value of the investment properties

(x 1,000 EUR)

Asset category	Fair value at 31.12.2018	Valuation method	Unobservable data[1]	Extreme values (weighted average) at 31.12.2018	Extreme values (weighted average) at 31.12.2017
HEALTHCARE REAL ESTATE	**1,881,595**				
Belgium	**866,435**	**Discounted cash flow**	Estimated Rental Value (ERV)	60 - 246 (136) EUR/m²	70 - 199 (144) EUR/m²
			Discount rate	4.00 % - 6.80 % (5.90 %)	6.20 % - 6.80 % (6.35 %)
			Capitalisation rate of the final net ERV	5.00 % - 8.90 % (7.61 %)	7.10 % - 8.90 % (8.26 %)
			Inflation rate	1.80 %	1.75 %
			Operating costs	1 %	1 %
			Occupancy rate (based on current contracts)	100 %	100 %
			Residual length of current lease (in years)	13.7 - 26.4 (18.0)	14.7 - 27.4 (19.6)
			Number of m²	809 - 15,191 m² (7,903 m²)	809 - 15,191 m² (7,604 m²)
			Duration of the initial projection period (in years)	15 - 18 (15.1)	15
		Capitalisation of Estimated Rental Value	Estimated Rental Value (ERV)	60 - 246 (142) EUR/m²	58 - 246 (140) EUR/m²
			Capitalisation rate	5.50 % - 6.75 % (5.87 %)	5.50 % - 6.75 % (5.87 %)
			Occupancy rate (based on current contracts)	100 %	100 %
			Residual length of current lease (in years)	13.7 - 26.4 (18.4)	14.7 - 27.4 (19.3)
			Number of m²	809 - 20,274 m² (8,585 m²)	809 - 20,274 m² (8,419 m²)
France	**394,230**	**Discounted cash flow**	Estimated Rental Value (ERV)	53 - 245 (153) EUR/m²	53 - 245 (154) EUR/m²
			Discount rate	4.75 % - 5.50 % (4.77 %)	4.75 % - 6.75 % (4.78 %)
			Capitalisation rate of the final net ERV	5.00 % - 8.50 % (6.43 %)	4.25 % - 12.31 % (5.83 %)
			Inflation rate	0.6 % - 1.58 % (1.05 %)	0.90 % - 1.58 % (1.20 %)
			Operating costs	0	0
			Occupancy rate (based on current contracts)	100 %	100 %
			Residual length of current lease (in years)	0.2 - 12.7 (3.0)	1.2 - 10.5 (3.8)
			Number of m²	1,286 - 12,957 m² (5,052 m²)	1,286 - 12,957 m² (5,078 m²)
			Duration of the initial projection period (in years)	1.0 - 13.0 (3.7)	2.0 - 11.0 (4.1)
		Capitalisation of Estimated Rental Value	Estimated Rental Value (ERV)	53 - 245 (153) EUR/m²	53 - 245 (153) EUR/m²
			Capitalisation rate	4.37 % - 21.74 % (7.57 %)	4.12 % - 21.59 % (6.98 %)
			Occupancy rate (based on current contracts)	100 %	0 % - 100 % (99.8 %)
			Residual length of current lease (in years)	0.2 - 12.7 (3.2)	1.0 - 10.5 (4.0)
			Number of m²	1,286 - 12,957 m² (4 881 m²)	1,286 - 12,957 m² (4 889 m²)

1 Net rental income is incorporated in Note 6.

(x 1,000 EUR)					
Asset category	**Fair value at 31.12.2018**	**Valuation method**	**Unobservable data[1]**	**Extreme values (weighted average) at 31.12.2018**	Extreme values (weighted average) at 31.12.2017
Netherlands	**203,400**	**Capitalisation of Estimated Rental Value**	Estimated Rental Value (ERV)	77 - 275 (147) EUR/m²	76 - 275 (148) EUR/m²
			Capitalisation rate	3.90 % - 7.30 % (5.48 %)	4.50 % - 10.20 % (5.87 %)
			Occupancy rate (based on current contracts)	65 % - 100 % (99 %)	91 % - 100 % (99 %)
			Residual length of current lease (in years)	2.5 - 27.7 (11.6)	0.6 - 28.7 (12.0)
			Number of m²	430 - 14,700 m² (4,310 m²)	430 - 14,700 m² (4,290 m²)
Germany	**397,400**	**Discounted cash flow**	Estimated Rental Value (ERV)	59 - 281 (140) EUR/m²	78 - 259 (173) EUR/m²
			Discount rate	5.25 % - 8.55 % (6.62 %)	5.85 % - 8.30 % (7.07 %)
			Capitalisation rate of the final net ERV	4.45 % - 7.95 % (5.62 %)	5.30 % - 7.65 % (6.52 %)
			Inflation rate	1.90 %	1.80 %
			Operating costs	7 % - 37 %	3 % - 11 %
			Occupancy rate (based on current contracts)	100 %	100 %
			Residual length of current lease (in years)	15.5 - 29.8 (25.6)	16.5 - 27.4 (23.6)
			Number of m²	2,940 - 15,577 m² (7,365 m²)	2,940 - 15,577 m² (9,090 m²)
			Duration of the initial projection period (in years)	10	9 - 11 (10)
		Capitalisation of Estimated Rental Value	Estimated Rental Value (ERV)	59 - 281 (140) EUR/m²	78 - 259 (173) EUR/m²
			Capitalisation rate	4.45 % - 7.95 % (5.62 %)	5.30 % - 7.65 % (6.52 %)
			Occupancy rate (based on current contracts)	100 %	100 %
			Residual length of current lease (in years)	15.5 - 29.8 (25.6)	16.5 - 27.4 (23.6)
			Number of m²	2,940 - 15,577 m² (7,365 m²)	2,940 - 15,577 m² (9,090 m²)
Healthcare real estate under development	**20,130**	**Residual value**	Estimated Rental Value (ERV)	143 - 187 (168) EUR/m²	117 - 177 (140) EUR/m²
			Capitalisation rate	5.00 % - 5.50 % (5.38 %)	5.50 %
			Completion costs	n/a[2 3]	n/a[2 3]
			Inflation rate	1.70 % - 2.00 % (1.82 %)	1.75 %
			Number of m²	500 - 5,430 m² (3,868 m²)	500 - 5,430 m² (3,453 m²)
			Residual construction costs (EUR/m²)	0 - 2,474 (2,291)	548 - 2,425 (1,388)
			Estimated construction period (in years)	0.3 - 2.3 (1.4)	0.3 - 3.3 (1.4)

1 Net rental income is incorporated in Note 6.
2 The costs necessary for the completion of a building are directly related to each project (amounts and degree of progress).
3 Comprises only projects under development.

(x 1,000 EUR)

Asset category	Fair value at 31.12.2018	Valuation method	Unobservable data[1]	Extreme values (weighted average) at 31.12.2018	Extreme values (weighted average) at 31.12.2017
OFFICES	**1,256,917**				
Antwerp	**66,274**	**Capitalisation of Estimated Rental Value**	Estimated Rental Value (ERV)	126 - 170 (150) EUR/m²	126 - 170 (150) EUR/m²
			Capitalisation rate	6.90 % - 8.50 % (7,63 %)	7.00 % - 8.50 % (7,77 %)
			Occupancy rate (based on current contracts)	72 % - 98 % (94 %)	92 % - 100 % (94 %)
			Residual length of current lease (in years)	1.7 - 4.0 (2.4)	1.0 - 4.8 (2.8)
			Number of m²	3,530 - 9,403 m² (6,904 m²)	3,530 - 9,403 m² (6,864 m²)
			Long-term vacancy (in months)	6 - 12 (9)	6 - 12 (9)
Brussels CBD	**477,623**	**Capitalisation of Estimated Rental Value**	Estimated Rental Value (ERV)	140 - 249 (220) EUR/m²	178 - 245 (215) EUR/m²
			Capitalisation rate	4.30 % - 7.25 % (5.33 %)	4.50 % - 7.25 % (5.47 %)
			Occupancy rate (based on current contracts)	70 % - 100 % (91 %)	76 % - 100 % (97 %)
			Residual length of current lease (in years)	1.1 - 13.4 (5.9)	1.5 - 13.4 (6.3)
			Number of m²	2,932 - 20,323 m² (11,009 m²)	2,932 - 36,616 m² (14,091 m²)
			Long-term vacancy (in months)	0 - 12 (7)	0 - 18 (8)
Brussels Decentralised	**386,663**	**Capitalisation of Estimated Rental Value**	Estimated Rental Value (ERV)	63 - 193 (153) EUR/m²	63 - 194 (154) EUR/m²
			Capitalisation rate	6.25 % - 11.00 % (7.62 %)	6.15 % - 11.00 % (7.62 %)
			Occupancy rate (based on current contracts)	0 % - 100 % (83 %)	0 % - 100 % (82 %)
			Residual length of current lease (in years)	0.0 - 9.1 (2.9)	0.2 - 10.1 (3.1)
			Number of m²	2,240 - 25,746 m² (13,654 m²)	2,241 - 25,746 m² (13,548 m²)
			Long-term vacancy (in months)	3 - 24 (10)	0 - 36 (11)
Brussels Periphery/ Satellites	**121,133**	**Capitalisation of Estimated Rental Value**	Estimated Rental Value (ERV)	83 - 168 (130) EUR/m²	83 - 180 (134) EUR/m²
			Capitalisation rate	8.25 % - 10.00 % (8.56 %)	7.75 % - 10.00 % (8.33 %)
			Occupancy rate (based on current contracts)	65 % - 100 % (81 %)	50 % - 100 % (79 %)
			Residual length of current lease (in years)	0.5 - 6.5 (2.5)	1.0 - 3.3 (2.4)
			Number of m²	325 - 10,022 m² (5,468 m²)	325 - 10,022 m² (5,325 m²)
			Long-term vacancy (in months)	6 - 36 (14)	6 - 36 (15)

1 Net rental income is incorporated in Note 6.

(x 1,000 EUR)					
Asset category	**Fair value at 31.12.2018**	**Valuation method**	**Unobservable data[1]**	**Extreme values (weighted average) at 31.12.2018**	Extreme values (weighted average) at 31.12.2017
Other regions	**121,517**	**Capitalisation of Estimated Rental Value**	Estimated Rental Value (ERV)	120 - 242 (139) EUR/m²	120 - 182 (134) EUR/m²
			Capitalisation rate	5.75 % - 6.25 % (6.04 %)	5.75 % - 6.30 % (6.07 %)
			Occupancy rate (based on current contracts)	98 % - 100 % (99 %)	98 % - 100 % (99 %)
			Residual length of current lease (in years)	1.7 - 13.0 (7.4)	1.5 - 14.0 (8.3)
			Number of m²	1,980 - 19,189 m² (13,426 m²)	1,980 - 19,189 m² (13,464 m²)
			Long-term vacancy (in months)	6 - 12 (9)	6 - 12 (9)
Offices under development	**83,706**	**Discounted cash flow**	Estimated Rental Value (ERV)	155 - 200 (167) EUR/m²	202 - 206 (205) EUR/m²
			Discount rate	4.00 % - 5.25 % (4.36 %)	4.00 % - 5.25 % (4.24 %)
			Capitalisation rate of the final net ERV	5.25 % - 8.15 % (7.36 %)	5.25 % - 8.35 % (7.77 %)
			Inflation rate	1.70 % - 2.00 % (1.92 %)	2.00 %
			Number of m²	9,052 - 56,891 m² (43,913 m²)	9,052 - 56,891 m² (47,864 m²)
		Residual value	Estimated Rental Value (ERV)	99 - 239 (176) EUR/m²	99 - 248 (228) EUR/m²
			Capitalisation rate of the final net ERV	4.60 % - 9.35 % (6.97 %)	4.30 % - 9.35 % (5.82 %)
			Completion costs	n/a[2]	n/a[2]
			Inflation rate	1.50 % - 2.00 % (1.77 %)	1.70 % - 2.00 % (1.83 %)
			Number of m²	9,052 - 56,891 m² (41,922 m²)	9,052 - 56,891 m² (32,233 m²)
			Residual construction costs (EUR/m²)	1,528 - 1,989 (1,653)	208 - 2,407 (784)
			Estimated construction period (in years)	1.5	0.3 - 4.3 (1.8)

1 Net rental income is incorporated in Note 6.
2 The costs necessary for the completion of a building are directly related to each project (amounts and degree of progress).

(x 1,000 EUR)					
Asset category	**Fair value at 31.12.2018**	**Valuation method**	**Unobservable data[1]**	**Extreme values (weighted average) at 31.12.2018**	Extreme values (weighted average) at 31.12.2017
PROPERTY OF DISTRIBUTION NETWORKS	**560,742**				
Pubstone - Belgium	**292,016**	**Discounted cash flow**	Estimated Rental Value (ERV)	13 - 353 (66) EUR/m²	13 - 353 (64) EUR/m²
			Discount rate	6.40 %	6.45 %
			Capitalisation rate of the final net ERV	6.73 %	6.75 %
			Inflation rate	1.80 %	1.75 %
			Operating costs	6.20 %	6.20 %
			Occupancy rate (based on current contracts)	99 %	99 %
			Long-term vacancy (% of passing rents)	1.75 %	1.75 %
			Residual length of current lease (in years)	15.8	16.8
			Number of m²	87 - 1,781 m² (494 m²)	87 - 1,781 m² (494 m²)
			Duration of the initial projection period (in years)	16	17
		Capitalisation of Estimated Rental Value	Estimated Rental Value (ERV)	13 - 353 (66) EUR/m²	13 - 353 (64) EUR/m²
			Capitalisation rate	4.00 % - 9.50 % (5.85 %)	4.00 % - 9.50 % (5.95 %)
			Occupancy rate (based on current contracts)	99 %	99 %
			Residual length of current lease (in years)	15.8	16.8
			Number of m²	87 - 1,781 m² (494 m²)	87 - 1,781 m² (494 m²)
			Long-term vacancy (% of passing rents)	1.75 %	1.75 %
Pubstone - Netherlands	**142,101**	**Capitalisation of Estimated Rental Value**	Estimated Rental Value (ERV)	47 - 495 (209) EUR/m²	47 - 495 (210) EUR/m²
			Capitalisation rate	3.50 % - 12.00 % (5.98 %)	3.65 % - 11.00 % (6.06 %)
			Occupancy rate (based on current contracts)	99 %	98 %
			Residual length of current lease (in years)	15.8	16.8
			Number of m²	44,822 m²	45,367 m²
			Long-term vacancy (% of passing rents)	1.75 %	1.75 %
Cofinimur I	**126,625**	**Discounted cash flow**	Estimated Rental Value (ERV)	85 - 700 (150) EUR/m²	85 - 700 (150) EUR /m²
			Discount rate	4.75 %	4.75 %
			Capitalisation rate of the final net ERV	4.05 % - 15.05 % (7.21 %)	3.99 % - 12.79 % (6.88 %)
			Inflation rate	1.50 % - 1.65 % (1.56 %)	0.50 % - 1.62 % (1.33 %)
			Operating costs	0	0
			Occupancy rate (based on current contracts)	97 %	96 %
			Long-term vacancy	0 % - 60 %	0 % - 60 %
			Residual length of current lease (in years)	1.0 - 9.1 (3.9)	4.8
			Number of m²	51 - 1,853 m² (363 m²)	51 - 1,853 m² (358 m²)
			Duration of the initial projection period (in years)	1 - 10 (4)	5

1 Net rental income is incorporated in Note 6.

(x 1,000 EUR)					
Asset category	**Fair value at 31.12.2018**	**Valuation method**	**Unobservable data[1]**	**Extreme values (weighted average) at 31.12.2018**	Extreme values (weighted average) at 31.12.2017
		Capitalisation of Estimated Rental Value	Estimated Rental Value (ERV)	85 - 700 (150) EUR/m²	85 - 700 (150) EUR /m²
			Capitalisation rate	3.66 % - 12.90 % (5.99 %)	3.75 % - 13.82 % (6.03 %)
			Occupancy rate (based on current contracts)	97 %	96 %
			Residual length of current lease (in years)	1.0 - 9.1 (3.9)	4.8
			Number of m²	51 - 1,853 m² (363 m²)	51 - 1,853 m² (358 m²)
			Long-term vacancy	0 % - 60 %	0 % - 60 %
OTHERS	**28,611**				
Others	**28,611**	**Capitalisation of Estimated Rental Value**	Estimated Rental Value (ERV)	66 - 123 (113) EUR/m²	66 - 123 (113) EUR/m²
			Capitalisation rate	4.35 % - 9.00 % (5.91 %)	4.35 % - 9.00 % (5.92 %)
			Residual length of current lease (in years)	100 %	0 % - 100 % (99 %)
			Residual length of current lease (in years)	6.6 - 11.3 (10.4)	7.6 - 12.3 (11.4)
			Number of m²	61 - 9,645 m² (8,961 m²)	61 - 9,645 m² (8,964 m²)
			Long-term vacancy (in months)	6 - 9 (6)	6 - 9 (6)
TOTAL	**3,727,865**				

SENSITIVITY OF THE BUILDING'S FAIR VALUE TO CHANGES OF THE UNOBSERVABLE DATA

A 10 % increase in the Estimated Rental Value would give rise to an increase in the portfolio's fair value of 309,302 KEUR. A 10 % decrease in the Estimated Rental Value would give rise to a decrease in the portfolio's fair value of 320,414 KEUR.

A 0.5 % increase in the capitalisation rates would give rise to a decrease in the portfolio fair value of 273,829 KEUR. A 0.5 % decrease in the capitalisation rates would give rise to an increase in the portfolio fair value of 312,161 KEUR.

A ±0.5 % change in the capitalisation rate and a ±10 % change in the Estimated Rental Values are reasonably foreseeable.

There are interrelations between the various rates and rental values, as they are partly determined by market conditions. As a general rule, a change in the estimated rental value assumptions (per square metres per year) is accompanied by a change in the capitalisation rates in the opposite direction. This interrelation is not incorporated into the sensitivity analysis.

For investment properties under construction, the fair value is infuenced by the realisation of the works on budget and on time.

1 Net rental income is incorporated in Note 6.

VALUATION PROCESS

On accordance with the legal provisions, the valuations of properties are performed on a quarterly basis based on the valuation reports prepared by independent and qualified experts.

The independent external experts are appointed for a period of three years after their approval by the Board of Directors, the Audit Committee and subject to the approval of the FSMA. The selection criteria include market knowledge, reputation, independence and application of professional standards.

The external experts determine:

- whether the fair value of a property can be determined reliably;
- which valuation method must be applied to each investment property;
- the assumptions made for the unobservable data used in the valuation methods.

The hypotheses adopted for the non-observable data:

The DCF method is applied for the sectors healthcare property and property of distribution networks. For this:

- the remaining economic life of the asset is not formally established, but recognised implicitly via the discounting rate and capitalisation rate at departure (exit yield), including a factor for the ageing of the building. In all cases, this remaining economic life is at least equal to the remaining duration of the current lease agreement.
- the long-term vacancy (or structural vacancy rate) for buildings intended for nursing and care homes is zero because all these assets are fully leased to one tenant (excluding antennas).

The activation method is applied for all sectors. For this:

- the remaining economic lifetime of the asset is not formally established, but recognised implicitly by the capitalisation interest used, including a factor for the ageing of the building.
- the long-term vacancy rate (or structural vacancy rate) is generally zero for all assets being exploited in the assessed portfolios. If applicable, some short-term vacancy-related corrections are considered.

The assumptions used for the valuation and any significant changes in value are discussed quarterly between management and the experts. Other outside sources are also examined.

USE OF PROPERTIES

The Executive Committee considers the current use of the investment properties recognised at fair value on the balance sheet to be optimal taking into account the possibilities on the rental market and their technical characteristics.

SALE OF LEASE RECEIVABLES

On 22.12.2008, the Cofinimmo Group sold to a subsidiary of the Société Générale Group the usufruct receivables for an initial period of 15 years payable by the European Commission and relating to the Loi/Wet 56, Luxembourg 40 and Everegreen buildings owned by Cofinimmo in Brussels. The usufructs from these three buildings end between December 2020 and April 2022. Cofinimmo retains bare ownership and the indexation part of the receivables from the Luxembourg 40 building was not sold.

On 20.03.2009, the Cofinimmo Group sold to a subsidiary of the Société Générale Group the usufruct receivables for an initial period of 15 years payable by the European Commission and relating to the Nerviëns 105 building located in Brussels. The usufruct ends in May 2023. Cofinimmo retains bare ownership of the building.

On 23.03.2009, the Cofinimmo Group sold to Fortis Banque/Bank 90 % of the finance lease receivables payable by the City of Antwerp relating to the new fire station. At the end of the financial lease, the building will automatically be transferred to the City of Antwerp for free. The Cofinimmo Group also sold on the same date and to the same bank lease receivables payable by the Belgian State relating to the Colonel Bourg/Kolonel Bourg 124 building in Brussels and the Maire 19 building in Tournai/Doornik. Cofinimmo retains ownership of these two buildings.

On 28.08.2009, the Cofinimmo Group sold to BNP Paribas Fortis 96 % of the lease receivables pertaining to 2011 and the following years relating to the Egmont I and Egmont II buildings located in Brussels. These receivables were bought back on 13.02.2018 prior to the granting of a 99-year leasehold right to these buildings.

The usufructs from the Loi/Wet 56, Luxembourg 40, Everegreen and Nerviërs/Nerviens 105 buildings, as well as the leases related to the Colonel Bourg 124, Maire 19 buildings, as well as do not qualify as financial leases.

At the moment of the sale, the amount levied by the Group, resulting from disposal of future rents, has been recorded as a discount of the property value, as far as the disposal of rents is effective against third parties and, as a consequence, the property market value had to be deducted from the amount of future lease payments sold (see Note 2: Significant accounting methods, I Properties leased for long periods, III Sale of future lease payments under a long lease not qualifying as a finance lease).

Although neither specifically foreseen nor forbidden under IAS 40, the derecognition from the gross value of the properties of the residual value of the future receivables sold allows, in the opinion of the Board of Directors of Cofinimmo, a true and fair presentation of the value of the properties in the consolidated balance sheet at the moment of the disposal of the rents. The gross value of the properties corresponds to the independent expert's assessment of the properties, as required by Article 47 § 1 of the Law of 12.05.2014 relating to Regulated Real Estate Companies.

In order to benefit from nominal rents, the sold receivables not terminated at the moment should be repurchased at their present value from the assignee bank. The actual redemption value of these non-terminated receivables can differ from their present value established at the moment of disposal, due to basic interest rates' evolution, applied margins on these rates, and expected inflation, as such possibly having an impact on the future rents' indexation.

NOTE 23. BREAKDOWN OF THE CHANGES IN THE FAIR VALUE OF INVESTMENT PROPERTIES

(x 1,000 EUR)	**2018**	2017
Properties available for lease	10,760	2,820
Development projects	-15,619	8,878
Assets held for own use	-1,400	-237
Assets held for sale		-1,200
TOTAL	**-6,259**	10,261

This section includes the changes in fair value of investment properties and assets held for sale.

NOTE 24. INTANGIBLE ASSETS AND OTHER TANGIBLE ASSETS

(x 1,000 EUR)	Intangible assets		Other tangible assets	
	2018	2017	**2018**	2017
AT 01.01	**826**	751	**926**	635
Acquisitions	**401**	**386**	**199**	**528**
IT software	401	386		
Office fixtures and fittings			199	528
Depreciation	**304**	**311**	**310**	**236**
IT software	304	311		
Office fixtures and fittings			310	236
Disposals			**5**	
Office fixtures and fittings			5	
AT 31.12	**922**	826	**810**	926

The intangible assets and other tangible assets are exclusively assets held for own use.

The depreciation rates used depend on the duration of the economic life:

- fixtures: 10 % to 12.5 % ;
- IT hardware: 25 % to 33 % ;
- IT software: 25 %.

NOTE 25. FINANCIAL INSTRUMENTS

A. CATEGORIES AND DESIGNATION OF FINANCIAL INSTRUMENTS

The classification criteria for financial assets and liabilities have changed. The new IFRS 9 defines three main categories in terms of classification of financial assets and liabilities, referred to as 'Designated at fair value by means of the net result', 'Mandatory measured at fair value by means of the net result' and 'Measured at amortised cost'. The category 'Held for trading' with regard to IAS 39 has been scrapped. Derivative instruments therefore fall under the category "Mandatory measured at fair value by means of the net result (see the table for 2017 above).

The impairment of financial assets measured at amortised cost, including trade and leasing receivables, leads, in the initial application of the expected credit loss model in accordance with IFRS 9, to a faster recognition of credit losses compared to the pattern of credit losses incurred in accordance with IAS 39. Given the relatively small amounts of trade receivables and finance leases, combined with low credit risk, this has no material impact on Cofinimmo's consolidated annual accounts.

The convertible bond does not meet the conditions for qualification, either partly or wholly, as an equity capital instrument. The instrument contains embedded derivatives. To facilitate the valuation of this instrument, Cofinimmo has decided to measure it at fair value.

(x 1,000 EUR)				
	31.12.2017 - IAS 39		01.01.2018 - IFRS 9	
	Book value	Category	Book value	Category
NON-CURRENT FINANCIAL ASSETS	**87,389**		**87,389**	
Hedging instruments	**871**		**871**	
Derivative instruments	871	Financial assets held for trading	871	Financial liabilities that must be measured at fair value through the net result
Credits and receivables	**86,518**		**86,518**	
Non-current finance lease receivables	85,148	Loans and receivables	85,148	Financial assets measured at amortised cost
Trade receivables and other non-current assets	1,370	Loans and receivables	1,370	Financial assets measured at amortised cost
CURRENT FINANCIAL ASSETS	**43,055**		**43,055**	
Credits and receivables	**25,524**		**25,524**	
Current finance lease receivables	1,826	Loans and receivables	1,826	Financial assets measured at amortised cost
Trade receivables	23,698	Loans and receivables	23,698	Financial assets measured at amortised cost
Cash and cash equivalents	**17,531**	Loans and receivables	**17,531**	Financial assets measured at amortised cost
TOTAL	**130,445**		**130,445**	
NON-CURRENT FINANCIAL LIABILITIES	**1,164,352**		**1,164,352**	
Non-current financial debts	**1,120,623**		**1,120,623**	
Bonds[1]	461,473	Financial liabilities at amortised cost	461,473	Financial liabilities measured at amortised cost
Convertible bonds[1]	214,360	Financial liabilities designated at fair value through the net result	214,360	Financial liabilities designated at fair value through the net result
(Mandatory) Convertible bonds	3,139	Financial liabilities designated at fair value through the net result	3,139	Financial liabilities designated at fair value through the net result
Bank debts	378,559	Financial liabilities at amortised cost	378,559	Financial liabilities measured at amortised cost
Commercial papers - floating rate	56,000	Financial liabilities at amortised cost	56,000	Financial liabilities measured at amortised cost
Rental guarantees received	7,092	Financial liabilities at amortised cost	7,092	Financial liabilities measured at amortised cost
Other non-current financial liabilities	**43,729**		**43,729**	
Derivative instruments	43,445	Financial liabilities held for trading	43,445	Financial liabilities that must be measured at fair value through the net result
Other	284	Financial liabilities at amortised cost	284	Financial liabilitie measured at amortised cost
CURRENT FINANCIAL LIABILITIES	**550,538**		**550,538**	
Current financial debts	**463,909**		**463,909**	
Commercial papers	411,500	Financial liabilities at amortised cost	411,500	Financial liabilities measured at amortised cost
Convertible bonds[1]	1	Financial liabilities designated at fair value through the net result	1	Financial liabilities designated at fair value through the net result
Credit institutions[1]	52,385	Financial liabilities at amortised cost	52,385	Financial liabilities measured at amortised cost
Other	23	Financial liabilities at amortised cost	23	Financial liabilities measured at amortised cost
Other current financial liabilities	**5,266**		**5,266**	
Derivative instruments[1]	5,266	Financial liabilities held for trading	5,266	Financial liabilities that must be measured at fair value through the net result
Trade debts and other current debts	**81,363**	Financial liabilities at amortised cost	**81,363**	Financial liabilities measured at amortised cost
TOTAL	**1,714,890**		**1,714,890**	

1 The amounts for the financial instruments comprise interests accrued and not due.

(x 1,000 EUR)						31.12.2018
	Designated at fair value through the net result	Must be measured at fair value through the net result	Financial assets or liabilities measured at amortised cost	Fair value	Interests accured and not due	Qualification of fair values
NON-CURRENT FINANCIAL ASSETS		**9**	**103,110**	**152,668**		
Hedging instruments		**9**		**9**		
Derivative instruments		9		9		Level 2
Credits and receivables			**103,110**	**152,660**		
Non-current finance lease receivables			101,731	151,281		Level 2
Trade receivables and other non-current assets			1,379	1,379		Level 2
CURRENT FINANCIAL ASSETS			**56,192**	**57,125**		
Credits and receivables			**29,015**	**29,948**		
Current finance lease receivables			1,915	2,848		Level 2
Trade receivables			24,091	24,091		Level 2
Other			3,009	3,009		Level 2
Cash and cash equivalents			**27,177**	**27,177**		**Level 2**
TOTAL		**9**	**159,302**	**209,793**		
NON-CURRENT FINANCIAL LIABILITIES	**218,484**	**48,974**	**799,723**	**1,067,181**	**9,059**	
Non-current financial debts	**218,484**		**786,097**	**1,004,581**	**8,584**	
Bonds			454,033	454,033	7,612	Level 2
Convertible bonds	215,727			215,727	121	Level 1
(Mandatory) Convertible bonds	2,757			2,757		Level 2
Bank debts			268,517	268,517	851	Level 2
Commercial papers - floating rate			56,000	56,000		Level 2
Rental guarantees received			7,547	7,547		Level 2
Other non-current financial liabilities		**48,974**	**13,626**	**62,600**	**475**	
Derivative instruments		48,974		48,974	475	Level 2
Other			13,626	13,626		Level 3
CURRENT FINANCIAL LIABILITIES			**636,531**	**636,531**	**112**	
Current financial debts			**613,107**	**613,107**	**112**	
Commercial papers			572,500	572,500		Level 2
Bonds						Level 2
Convertible bonds						Level 1
Credit institutions			40,583	40,583	112	Level 2
Other			24	24		Level 2
Other current financial liabilities						
Derivative instruments						Level 2
Trade debts and other current debts			**23,424**	**23,424**		**Level 2**
TOTAL	**218,484**	**48,974**	**1,436,254**	**1,703,712**	**9,172**	

(x 1,000 EUR)						31.12.2017
	Designated at fair value through the net result	Must be measured at fair value through the net result	Financial assets or liabilities measured at amortised cost	Fair value	Interests accured and not due	Qualification of fair values
NON-CURRENT FINANCIAL ASSETS		**871**	**86,518**	**129,780**		
Hedging instruments		**871**		**871**		
Derivative instruments		871		871		Level 2
Credits and receivables			**86,518**	**128,909**		
Non-current finance lease receivables			85,148	127,539		Level 2
Trade receivables and other non-current assets			1,370	1,370		Level 2
CURRENT FINANCIAL ASSETS			**43,056**	**43,965**		
Credits and receivables			**25,525**	**26,434**		
Current finance lease receivables			1,826	2,736		Level 2
Trade receivables			23,698	23,698		Level 2
Cash and cash equivalents			**17,531**	**17,531**		**Level 2**
TOTAL		871	129,574	173,745		
NON-CURRENT FINANCIAL LIABILITIES	**217,377**	**43,445**	**895,808**	**1,156,631**	**7,733**	
Non-current financial debts	**217,377**		**895,525**	**1,112,890**	**7,733**	
Bonds			453,861	453,861	7,612	Level 2
Convertible bonds	214,239			214,239	121	Level 1
(Mandatory) Convertible bonds	3,139			3,139		Level 2
Bank debts			378,559	378,559		Level 2
Commercial papers - floating rate			56,000	56,000		Level 2
Rental guarantees received			7,092	7,092		Level 2
Other non-current financial liabilities		**43,445**	**284**	**43,729**		
Derivative instruments		43,445		43,445		Level 2
Other			284	284		Level 2
CURRENT FINANCIAL LIABILITIES		**4,544**	**544,172**	**548,716**	**1,820**	
Current financial debts			**462,810**	**462,810**	**1,098**	
Commercial papers			411,500	411,500		Level 2
Bonds						Level 2
Convertible bonds					1	Level 1
Credit institutions			51,287	51,287	1,098	Level 2
Other			23	23		Level 2
Other current financial liabilities		**4,544**		**4,544**	**722**	
Derivative instruments		4,544		4,544	722	Level 2
Trade debts and other current debts			**81,363**	**81,363**		**Level 2**
TOTAL	217,377	47,989	1,439,981	1,705,347	9,552	

Monetary and non-monetary changes in financial liabilities

		Monetary changes	Non-monetary changes		
(x 1,000 EUR)	31.12.2017		Acquisitions	Fair value changes	31.12.2018
NON-CURRENT FINANCIAL LIABILITIES	1,156,335	**-116,715**	**15,032**	**6,636**	**1,061,287**
Non-current financial debts	**1,112,890**	**-116,715**	**15,032**	**1,107**	**1,012,314**
Bonds	453,861		7,784		461,645
Convertible bonds	214,239		121	1,489	215,848
Mandatory Convertible Bonds (MCB)	3,139			-382	2,757
Banks	378,559	-117,157	7,115		268,517
Commercial paper - floating rate	56,000				56,000
Rental guarantees received	7,092	442	13		7,547
Other non-current financial debts	**43,445**			**5,529**	**48,974**
Derivative instruments	43,445			5,529	48,974
CURRENT FINANCIAL LIABILITIES	467,354	**150,297**		**-4,544**	**613,107**
Current financial debts	**462,810**	**150,297**			**613,107**
Commercial paper - floating rate	411,500	161,000			572,500
Bonds					
Banks	51,287	-10,703			40,583
Other	23	1			24
Other current financial liabilities	**4,544**			**-4,544**	**0**
Derivative instruments	4,544			-4,544	0
TOTAL	1,623,689	**33,582**	**15,032**	**2,092**	**1,674,394**

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Financial instruments (derivative instruments, convertible bonds) are measured at fair value after their initial entry in the balance sheet. The other financial instruments are measured at amortised cost and their fair value is given in the appendix (see table above). The fair value of financial instruments can be presented at three levels (1 to 3). The allotting of the level depends on the level of observability of the variables used for the evaluation of the instrument, namely:

- the level 1 fair value measurements are those derived from listed prices (unadjusted) in active markets for similar assets or liabilities;
- the level 2 fair value measurements are those established using observable data for the assets or liabilities concerned. These data may be either 'direct' (prices, other than those covered by level 1) or 'indirect' (data derived from prices);
- the level 3 fair value measurements are those that are not based on observable market data for the assets or liabilities in question.

Level	1

The convertible bonds issues by Cofinimmo are subject to a level 1 valuation.

Change in fair value of convertible bonds

(x 1,000 EUR)	2018		2017	
	At 01.01	214,239	At 01.01	212,963
Change in the fair value attributable to changes in market conditions during the financial year, booked under the income statement		1,789		-722
Change in fair value attributable to changes in credit risk recognised during the financial year, booked under the other elements of the comprehensive result		-300		1,997
	At 31.12	215,727	At 31.12	214,239

In September 2016, Cofinimmo repurchased convertible bonds issued in 2013 and at the same time issued new convertible bonds maturing in 2021, which lead to the cancellation of the bonds (convertible bonds 2018) and the recognition of new bonds (convertible bonds 2021).

At 31.12.2018, the convertible bond maturing in 2021 has a total fair value of 215,727,363 EUR. If the bond is not converted into shares, the redemption value will amount to 219,320,616 EUR at final maturity.

The methodology to explain the variation in fair value was adjusted in 2018 to take into account the application of IFRS 9 to isolate the market risk of Cofinimmo's own credit risk. The same method was applied to the 2017 results that are published above.

Level 2

All other financial assets and liabilities, namely the financial derivatives stated at fair value, are level 2. The fair value of financial assets and liabilities with standard terms and conditions and negotiated on active and liquid markets is determined based on stock market prices. The fair value of 'Trade receivables', 'Trade debts' as well as any other floating-rate debt is close to their book value. Bank debts are primarily in the form of roll-over credit facilities. The calculation of the fair value of 'Finance lease receivables' is based on the discounted cash flow method, using a yield curve adapted to the duration of the instruments and the fair value of the derivative financial instrument is obained through the valorisation tool of financial instruments available on Bloomberg.
More details on the finance lease receivables can be found in Note 26.

Level 3

Cofinimmo currently does not hold any financial instrument meeting the definition of level 3, with the exception of sales options permitted to non-controlling shareholders (see note 41 for further details).

B. MANAGEMENT OF FINANCIAL RISK

INTEREST RATE RISK

Since the Cofinimmo Group owns a (very) long-term property portfolio, it is highly probable that the borrowings financing this portfolio will be refinanced upon maturity by other borrowings. Therefore, the company's total financial debt is regularly renewed for an indefinite future period. For reasons of cost efficiency, the group's financing policy by debt separates the raising of borrowings (liquidity and margins on floating rates) from the management of interest rates risks and charges (fixing and hedging of future floating interest rates). A part of the funds are borrowed at a floating rate.

Breakdown of borrowings (non-currents and currents) at floating rate and at fixed rate (calculated on their nominal values)

(x 1,000 EUR)	2018	2017
At floating rate	862,500	827,900
At fixed rate	749,426	742,480
TOTAL	**1,611,926**	1,570,380

In accordance with its hedging policy, the Group hedges at least 50 % of its portfolio of total debts for at least three years by entering into fixed-rate debts and contracting interest rate derivative instruments for hedging the debt at floating rate.

In a low but volatile interest rate environment, Cofinimmo has taken advantage of the opportunity to change its hedging portfolio at the end of the last quarter of 2018.

Some IRS (Interest Rate Swaps) for 2019 have been moved and extended, thereby increasing the cover for debts with floating interest rates in future financial years. Caps (interest rate options with a maximum level of 0 % for this transaction) were underwritten in order to maintain the same level of cover in 2019.

The hedging period of minimum three years was chosen to offset the negative effect this timelag would have on the net income and and to forestall the adverse impact on any rise in short-term interestrates, increasing interest charges and a rise of inflation having as consequence an increase of the indexed rental contracts. Finally, a rise in real interest rates would probably be accompanied or rapidly followed by a recovery of the overall economic activity which would give rise to more robust rental conditions and subsequently benefit the net result.

The banks that sign these IRS contracts are generally different from the ones providing the funds, but the Group makes sure that the periods of the interest rate derivatives and the dates at which they are contracted correspond to the renewal periods of its borrowing contracts and the dates at which their rates are set.

If a derivative instrument hedges an underlying debt contracted at a floating rate, the hedge relationship is qualified as a cash flow hedge. If a derivative instrument hedges an underlying debt contracted at a fixed rate, it is qualified as a fair value hedge. In accordance with IFRS 9, this is applicable if an efficiency test is performed and a documentation is establised to support the hedge. Although the financial instruments issued or held for the purpose of hedging the interest rate risk, these instruments are accounted for as trading instruments, even though the Group does not designate a relation with a particular risk, these instruments are presented in the accounting category 'Mandatory measured at fair value by means of the net result under IFRS 9'.

Below are the results of a sensitivity study of the impact of changes in interest rates on the net result from core activities. A change in interest rate will impact the non-hedged part of the floating debt through an increase or a decrease of interest charges. A change in interest rate will have as additional consequence a change of the IRS fair value, which will be booked in the income statement.

Summary of the potential effects, on equity and on the income statement, of a 1 % change in the interest rate

(x 1,000,000 EUR)	2018		2017	
Change	Income statement	Equity	Income statement	Equity
+1 %	-0.66	0.00	-0.23	0.00
-1 %	1.22	0.00	0.15	0.00

The table above shows that an interest rate increase of 1 % generates a loss of 0.66 million EUR, while a 1 % decline of interest rate leads to a gain of 1.22 million EUR. The equity is not directly affected by the change of interest rate.

The difference between 2017 and 2018 can be explained - in a low and negative interest rate environment - through the evolution of the hedging portfolio following the replacement of specific IRS by caps.

CREDIT RISK

By virtue of Cofinimmo's operational business, it deals with two main counterparties: banks and customers. Financial counterparties with whom Cofinimmo has liabilities have an external 'investment grade' rating (a minimum rating from BBB - according to the rating agency Standard & Poor's). The counterparties against whom Cofinimmo has claims also have an external 'investment grade' rating. Cofinimmo pursues a policy that is aimed at not maintaining relationships with financial counterparties that do not meet this criterion. Customer risk is mitigated by a diversification of customers and an analysis of their solvency before and during the lease contract.

PRICE RISK

The Group could be exposed to a price risk linked to the Cofinimmo stock options tied to its convertible bonds. However, given that this option is out-of-the-money at 31.12.2018, the risk is considered unlikely. (For more information, see chapter 'Cofinimmo on the stock market' of this Annual Financial Report.)

CURRENCY RISK

On 15.02.2018, the Cofinimmo Group cancelled two sales options for a foreign currency in euros that were concluded in 2016. The object of the cover, namely the sale of a building in a foreign currency, in all likelihood, was unlikely to happen before the expiry date of the cover because of a procedure for registering the building on a list of protected buildings. Cofinimmo therefore also wanted to use the current market conditions to cancel the concluded options at favourable terms.

Since this termination, Cofinimmo Group is no longer exposed to currency risks since all sales and costs are in euros (with the exception of a few suppliers invoicing in other currencies. The financing is also fully insured in euros.

LIQUIDITY RISK

The liquidity risk is limited by the diversification of the financing sources and by the refinancing which is generally done at least one year before the maturity date of the financial debt.

Obligation of liquidity for repayments

(x 1,000 EUR)	2018	2017
Between one and two years	249,740	256,157
Between two and five years	510,240	667,002
Beyond five years	335,602	294,956
TOTAL	**1,095,582**	1,218,115

Non-current undrawn borrowing facilities

(x 1,000 EUR)	2018	2017
Expiring within one year	0	0
Expiring after one year	1,071,000	849,600

COLLATERALISATION

The book value of the pledged financial assets stands at 54,482,437 EUR at 31.12.2018 (2017: 54,517,699 EUR). The terms and conditions of the pledged financial assets are detailed in Note 38. During 2018, there were no payment defaults on loan agreements or violations of the terms of these agreements.

C. HEDGING DERIVATIVE FINANCIAL INSTRUMENTS

TYPES OF DERIVATIVE FINANCIAL INSTRUMENTS RELATING TO INTEREST RATES

As at 31.12.2018, the Group uses Interest Rate Swaps to hedge its exposure to interest rate risks arising from its operational, financial and investment activity. In 2018, the Group also closed the purchase of two caps for the year 2019 (interest rate options with a maximum level of 0 %) to hedge its exposure to interest rate risks.

Interest Rate Swap (IRS)

An Interest Rate Swap (IRS) is an interest rate forward contract. With an IRS, Cofinimmo exchanges a floating interest rate against a fixed interest rate or vice versa. The IRS are detailed in the table on the next page.

Caps

A cap is an interest rate option whereby, in return for the payment of a one-off premium, Cofinimmo receives a floating interest rate if it exceeds a specific threshold (e.g. 0 %) during a specific future period. The caps are described in the table on page 210.

FLOATING-RATE BORROWINGS AT 31.12.2018 HEDGED BY DERIVATIVE FINANCIAL INSTRUMENTS

The floating-rate debt (863 million EUR) is obtained by deducting from the total debt (1,625 million EUR), the elements of the debt that remained at fixed rate after taking into account the Interest Rate Swaps, as detailed in the table below:

(x 1,000 EUR)	2018	2017
Financial debts	**1,625,397**	1,575,700
Convertible bonds	-215,848	-214,239
Bonds - fixed rate	-461,645	-453,861
Bonds convertible into shares (minimum fixed coupon)	-2,757	-3,139
Fixed-rate borrowings	-65,100	-58,159
Commercial papers - fixed rate	-10,000	-10,000
Other (accounts receivable, rental guarantees received)	-7,547	-7,126
Debts at floating rate covered by derivate financial instruments	**862,500**	829,176

As explained in the 'Financial resources management' chapter, Cofinimmo's financial policy consists in maintaining a debt ratio of approximately 45 % with partial hedging of its floating-rate debt with hedging instruments (IRS or caps).

At 31.12.2018, Cofinimmo had floating-rate debt in the notional amount of 863 million EUR. The amount was hedged against interest rate risk by IRS in the notional amount of 650 million EUR.

In 2018, Cofinimmo completed its hedging of the interest rate risks for the period 2019-2024. The total hedged sum was set at 650 million EUR for 2019, 845 million EUR for 2020 and 2021, 750 million EUR for 2022, 650 million EUR for 2023 and 2024 and remained stable at 400 million EUR for 2025.

Cofinimmo expects its portfolio to be partially financed by debt from 2019 to 2025. As a result, the Company will have an ongoing interest payment, which is the item hedged with the derivative financial instruments held for transaction purposes described above.

Interest rate derivative financial instruments

(x 1,000 EUR)

Period covered by the IRS	Active / Forward	Option	Exercise price	Floating Rate	2018 notional
2018	Assets	IRS	1.40 %	1M	455,000
2018	Assets	IRS	1.35 %	1M	195,000
2019	Forward	Cap	0.00 %	1M	195,000
2019	Forward	Cap	0.00 %	1M	100,000
2019	Forward	IRS	1.51 %	1M	160,000
2019	Forward	IRS	1.45 %	1M	195,000
2020	Forward	IRS	0.86 %	1M	100,000
2020	Forward	IRS	0.87 %	1M	100,000
2020	Forward	IRS	2.60 %	1M	90,000
2020	Forward	IRS	2.65 %	1M	110,000
2020	Forward	IRS	0.85 %	1M	150,000
2020-2021	Forward	IRS	0.93 %	1M	100,000
2020-2021	Forward	IRS	0.99 %	1M	195,000
2021	Forward	IRS	0.97 %	1M	50,000
2021	Forward	IRS	1.03 %	1M	50,000
2021	Forward	IRS	1.00 %	1M	50,000
2021	Forward	IRS	0.14 %	1M	50,000
2021-2022	Forward	IRS	1.89 %	1M	350,000
2022	Forward	IRS	1.31 %	1M	75,000
2022	Forward	IRS	1.32 %	1M	75,000
2022-2024	Forward	IRS	1.79 %	1M	150,000
2022-2024	Forward	IRS	1.70 %	1M	100,000
2023	Forward	IRS	0.67 %	1M	30,000
2023	Forward	IRS	0.71 %	1M	40,000
2023	Forward	IRS	0.80 %	1M	60,000
2023	Forward	IRS	0.68 %	1M	50,000
2023	Forward	IRS	0.78 %	1M	20,000
2023-2025	Forward	IRS	1.18 %	1M	25,000
2023-2025	Forward	IRS	1.10 %	1M	25,000
2023-2025	Forward	IRS	1.15 %	1M	50,000
2023-2025	Forward	IRS	1.18 %	1M	50,000
2023-2025	Forward	IRS	1.12 %	1M	50,000
2024	Forward	IRS	0.93 %	1M	50,000
2024	Forward	IRS	0.96 %	1M	40,000
2024	Forward	IRS	1.03 %	1M	20,000
2024	Forward	IRS	0.92 %	1M	30,000
2024	Forward	IRS	1.05 %	1M	60,000
2025	Forward	IRS	1.26 %	1M	60,000
2025	Forward	IRS	1.17 %	1M	40,000
2025	Forward	IRS	1.14 %	1M	50,000
2025	Forward	IRS	1.13 %	1M	30,000
2025	Forward	IRS	1.24 %	1M	20,000

Obligation of liquidity at maturity, related to derivative financial instruments

(x 1,000 EUR)	2018	2017
Between one and two years	-19,563	-21,606
Between two and five years	-26,898	-22,503
Beyond five years	-3,589	6,553
TOTAL	**-50,050**	-37,556

These tables represent the net positions of assets and liabilities of derivative financial instruments.

Offsetting financial assets and financial liabilities

(x 1,000 EUR)						**31.12.2018**
	Gross amount of recognised financial assets	**Gross amounts of financial assets offset in the statement of financial position**	**Net amount of financial assets presented in the position of the financial assets**	**Amounts not offset in the statement of financial position**		**Net amount**
				Financial instruments	**Guarantees received in cash**	
Financial assets						
CAP	9		9			9
TOTAL	**9**	**0**	**9**	**0**	**0**	**9**

(x 1,000 EUR)						**31.12.2018**
	Gross amount of recognised financial assets	**Gross amounts of financial assets offset in the statement of financial position**	**Net amount of financial assets presented in the position of the financial assets**	**Amounts not offset in the statement of financial position**		**Net amount**
				Financial instruments	**Guarantees received in cash**	
Financial liabilities						
IRS	48,974		48,974			48,974
TOTAL	**48,974**	**0**	**48,974**	**0**	**0**	**48,974**

Offsetting financial assets and financial liabilities

(x 1,000 EUR)						31.12.2017
	Gross amount of recognised financial assets	Gross amounts of financial assets offset in the statement of financial position	Net amount of financial assets presented in the position of the financial assets	Amounts not offset in the statement of financial position		Net amount
				Financial instruments	Guarantees received in cash	
Financial assets						
IRS	871		871	871		0
TOTAL	871	0	871	871	0	0

(x 1,000 EUR)						31.12.2017
	Gross amount of recognised financial assets	Gross amounts of financial assets offset in the statement of financial position	Net amount of financial assets presented in the position of the financial assets	Amounts not offset in the statement of financial position		Net amount
				Financial instruments	Guarantees received in cash	
Financial liabilities						
IRS	46,979		46,979	871		46,108
FOREX	1,010		1,010			1,010
TOTAL	47,989	0	47,989	871	0	47,118

Summary of derivative financial instruments active at 31.12.2018

(x 1,000 EUR)				
Option	**Period**	**Exercise price**	**Floating rate**	**2018 notional**
Held for trading				
IRS	2018	1.40 %	1M	455,000
IRS	2018	1.35 %	1M	195,000

D. MANAGEMENT OF CAPITAL

As a result of Article 13 of the Royal Decree of 13.07.2014 on RRECs, the public RREC must, where the consolidated debt ratio exceeds 50 % of the consolidated assets, draw up a financial plan accompanied by an execution schedule, detailing the measures taken to prevent this debt ratio from exceeding 65 % of the consolidated assets. This financial plan is subject to a special Auditor's Report confirming that the latter has verified the method for drawing up the plan, namely with regard to its economic bases, and that the figures it contains are coherent with the public RREC's accounts. The Annual and Half-Yearly Financial Reports must justify the way in which the financial plan has been executed during the period in question and the way in which the RREC intends to execute the plan in the future.

1. EVOLUTION OF THE DEBT RATIO

As at 31.03.2018, 30.06.2018 and 30.09.2018, the debt ratio reached respectively 41.1 %, 46.4 % and 42.9 %, remaining below 50 %. On 31.12.2018, the debt ratio stood at 43.0 %.

2. DEBT RATIO POLICY

Cofinimmo's policy is to maintain a debt ratio close to 45 %. It may repeatedly rise above or fall below the 45 % bar without this signaling a change of policy in one or the other direction.

Each year, Cofinimmo prepares a financial plan for the medium-term at the end of the first semester which includes all the financial undertakings of the Group. This plan is updated during the year when a new important undertaking is made. The debt level and its future evolution are calculated with each edition of this plan. Cofinimmo therefore always has a prospective view of this core parameter of its consolidated balance sheet structure to keep the debt ratio close to 45 %.

3. FORECAST OF THE DEBT RATIO EVOLUTION

Cofinimmo's updated financial plan shows that Cofinimmo's consolidated debt ratio should not deviate significantly from the 45 % level on December 31st of the next three years. This forecast nevertheless remains subject to the occurrence of unforeseen events. See also the 'Risks Factors' chapter of this Financial Annual Report.

4. DECISION

Cofinimmo's Board of Directors thus considers that the debt ratio will not exceed 65 % and that, for the moment, in view of the economic and real estate trends in the segments in which the Group is present, the investments planned and the expected evolution of its assets, it is not necessary to take additional measures to those contained in the financial plan referred to above.

NOTE 26. FINANCE LEASE RECEIVABLES

The Group has concluded finance leases for several buildings. Given the quality of the tenants (Belgian government) on the one hand, and the low credit risk associated with financial lease receivables (established based on an analysis of historical credit losses) on the other, the model of expected credit losses under IFRS 9 has no material impact on the Group.

The Group has also granted financings linked to refurbishment works to certain tenants. The average implicit yield of these finance lease contracts amounts to 5.18 % for 2018 (2017: 5.15 %). During the financial year 2018, conditional rents (indexations) were recorded as revenues of the period for 0.01 million EUR (2017: 0.03 million EUR).

(x 1,000 EUR)	2018	2017
Less than one year	4,555	4,393
More than one year but less than five years	17,578	17,551
More than five years	190,283	178,234
Minimum lease payments	**212,417**	200,178
Deferred financial income	-108,771	-113,204
Discounted value of minimum lease payments	**103,646**	86,974
Non-current finance lease receivables	101,731	85,148
More than one year but less than five years	28,128	27,658
More than five years	73,603	57,490
Current finance lease receivables	1,915	1,826
Less than one year	1,915	1,826

NOTE 27. ASSETS HELD FOR SALE

(x 1,000 EUR)	2018	2017
AT 01.01	**800**	2,695
Disposals	-800	
Increase/decrease of the fair value		-1,200
Transfer to investment properties	33,663	-695
AT 31.12	**33,663**	800

All the assets held for sale are investment properties. As at 31.12.2018, these are the Serenitas, Moulin à Papier/Papiermolen and Souverain/Vorst 24 office buildings.

NOTE 28. CURRENT TRADE RECEIVABLES

Gross trade receivables

(x 1,000 EUR)	2018	2017
Gross trade receivables which are due but not provisioned	6,776	4,804
Gross trade receivables which are not due	16,921	18,866
Bad and doubtful receivables	1,376	632
Provisions for the impairment of receivables (-)	-983	-604
TOTAL	**24,091**	23,698

The Group has recognised a writedown on trade receivables of 661 KEUR (2017: 106 KEUR) during the year ended 31.12.2018. The Board of Directors considers that the book value of the trade receivables approximates their fair value.

Given the quality of the tenants on the one hand, and the low credit risk associated with financial lease receivables (established based on an analysis of historical credit losses) on the other, the model of expected credit losses under IFRS 9 has no material impact on the Group.

Gross trade receivables which are due but not provisioned

(x 1,000 EUR)	2018	2017
Due under 60 days ago	5,650	3,641
Due 60 to 90 days ago	19	4
Due over 90 days ago	1,107	1,159
TOTAL	6,776	4,804

Provisions for doubtful debts

(x 1,000 EUR)	2018	2017
AT 01.01	604	974
Use	-275	-476
Provisions charged to the income statement	661	106
Take-backs recognised under the income statement	-7	
AT 31.12	983	604

NOTE 29. TAX RECEIVABLES AND OTHER CURRENT ASSETS

(x 1,000 EUR)	2018	2017
Taxes	**16,641**	**15,674**
Taxes	2,855	3,525
Regional taxes	3,344	2,507
Withholding taxes	10,442	9,642
Other	**7,526**	**4,243**
TOTAL	24,167	19,917

NOTE 30. DEFERRED CHARGES AND ACCRUED INCOME - ASSETS

(x 1,000 EUR)	2018	2017
Outstanding income from property	3,018	
Rent-free periods and incentives granted to tenants to be spread	3,125	2,263
Prepaid property charges	21,606	20,401
Prepaid interests and other financial charges	1,687	2,129
TOTAL	29,436	24,793

NOTE 31. PROVISIONS

(x 1,000 EUR)	2018	2017
AT 01.01	25,886	16,890
Provisions charged to the income statement	744	628
Uses	-1,271	-794
Provision writebacks credited to the income statement	-2,911	-1,336
Transfer		10,498
AT 31.12	22,447	25,886

The provisions of the Group (22,447 KEUR) can be separated into two categories:

- contractual provisions defined according to IAS 37 as loss-making contracts. Cofinimmo has committed to provide maintenance for several buildings as well as works vis-à-vis tenants, with a total cost of 18,880 KEUR (2017: 22,635 KEUR). In 2017, a provision of 10,498 KEUR, preliminarily booked at the credit of the item 'Non-current finance lease receivables' has been reclassified in the balance sheet liabilities.
- legal provisions to face its potential commitments vis-à-vis tenants or third parties for 3,567 KEUR (2017: 3,251 KEUR).

These provisions correspond to the discounted future payments considered as likely by the Board of Directors.

NOTE 32. DEFERRED TAXES

(x 1,000 EUR)	2018	2017
Exit Tax	**23**	200
Deferred taxes	**42,973**	40,152
Property of distribution networks in the Netherlands	**30,588**	**29,672**
Pubstone Properties	30,588	29,672
Healthcare real estate in France	**7,417**	**7,180**
Cofinimmo succursale	7,417	7,180
Healthcare real estate in Germany	**4,969**	**3,300**
TOTAL	**42,996**	40,352

The deferred taxes of the Dutch subsidiary Pubstone Properties BV as well as the subsidiary having at least one asset in Germany correspond to the taxation, at a rate of respectively 25 % and 15.825 %, of the difference between the investment value of the assets, less registration rights, at their tax value.

Since 2014, the Cofinimmo's French branch is subject to a new tax ('Withholding tax on benefits realised in France by foreign entities, i.e. 'branch tax'.) A provision for deferred taxes had to be established.

NOTE 33. TRADE DEBTS AND OTHER CURRENT DEBTS

(x 1,000 EUR)	2018	2017
Trade debts	**21,730**	27,491
Other current debts	**66,562**	53,871
Exit Tax	**1,089**	
Taxes, social charges and salaries debts	**37,066**	**36,212**
Taxes	34,890	33,456
Social charges	594	1,018
Salaries debts	1,583	1,738
Other	**28,406**	**17,659**
Dividend coupons	1,693	1,792
Provisions for withholding taxes and other taxes	12,325	11,159
Miscellaneous	14,387	4,708
TOTAL	**88,292**	81,362

NOTE 34. ACCRUED CHARGES AND DEFERRED INCOME - LIABILITIES

(x 1,000 EUR)	2018	2017
Rental income received in advance	10,639	11,778
Interests and other charges accrued and not due	2,730	12,402
Other	0	389
TOTAL	**13,370**	24,569

NOTE 35. NON-CASH CHARGES AND INCOME

(x 1,000 EUR)	2018	2017
Charges and income related to operating activities	**14,562**	**-2,259**
Changes in the fair value of investment properties	6,259	-10,260
Writeback of lease payments sold and discounted	-8,815	-12,473
Movements in provisions and stock options	-3,867	-1,429
Depreciation/Writedown (or writeback) on intangible and tangible assets	612	547
Exit tax	-327	69
Deferred taxes	2,549	3,384
Goodwill impairment	13,600	14,100
Rent-free periods	-735	-742
Minority interests	5,839	4,559
Other	-553	-14
Charges and income related to financing activities	**804**	**-4,238**
Changes in the fair value of financial assets and liabilities	2,173	-2,965
Other	-1,368	-1,273
TOTAL	**15,367**	-6,497

NOTE 36. CHANGES IN WORKING CAPITAL REQUIREMENTS

(x 1,000 EUR)	2018	2017
Movements in asset items	**-4,977**	**-204**
Trade receivables	988	1,944
Tax receivables	677	-956
Other short-term assets	-2,914	115
Deferred charges and accrued income	-3,728	-1,307
Movements in liability items	**7,955**	**3,029**
Trade debts	-366	-2,792
Taxes, social charges and salaries debts	527	3,612
Other current debts	10,525	2,081
Accrued charges and deferred income	-2,731	128
TOTAL	**2,977**	2,825

NOTE 37. EVOLUTION OF THE PORTFOLIO PER SECTOR DURING THE FINANCIAL YEAR

The tables below show the movements of the portfolio per sector during the 2018 financial year in order to detail the amounts included on the statement of cash flows.

The amounts related to properties and included on the statement of cash flows and in the tables below are shown in investment value.

ACQUISITIONS OF INVESTMENT PROPERTIES

Acquisitions made during a financial year can be realised in three ways:

- acquisition of the property directly against cash, shown under the item 'Acquisitions of investment properties' of the statement of cash flows;
- acquisition of the property against shares, not shown on the statement of cash flows as it is a non-cash transaction;
- acquisition of the company owning the property against cash, shown under the item 'Acquisitions of consolidated subsidiaries' of the statement of cash flows.

(x 1,000 EUR)		Healthcare real estate				Offices	Property of distribution networks	Other	Total
		Belgium	France	Netherlands	Germany				
Properties available for lease	Direct properties	62		13,192	48,297	234,548[1]			296,099
	Properties against shares								0
	Companies against cash				184,775	19,550			204,325
	Subtotal	**62**	**0**	**13,192**	**233,073**	**254,098**	**0**	**0**	**500,424**
Development projects	Direct properties			1,740					1,740
	Properties against shares								0
	Companies against cash				11,286				11,286
	Subtotal	**0**	**0**	**1,740**	**11,286**	**0**	**0**	**0**	**13,026**
TOTAL		**62**	**0**	**14,932**	**244,359**	**254,098**	**0**	**0**	**513,450**

The amount of 297,839 KEUR booked on the statement of cash flows under the heading 'Acquisitions of investment properties' comprises the sum of the direct property acquisitions.

EXTENSIONS OF INVESTMENT PROPERTIES

Extensions of investment properties are financed in cash and are shown under the item 'Extensions of investment properties' of the statement of cash flows.

(x 1,000 EUR)	Healthcare real estate				Offices	Property of distribution networks	Other	Total
	Belgium	France	Netherlands	Germany				
Development projects	8,621	4,686	2,591		7,171			23,068
TOTAL	**8,621**	**4,686**	**2,591**	**0**	**7,171**	**0**	**0**	**23,068**
Amount paid in cash	8,586	3,230	2,454	1,571	10,793			26,635
Change in provisions	34	1,455	137	-1,571	-3,622			-3,567
TOTAL	**8,621**	**4,686**	**2,591**	**0**	**7,171**	**0**	**0**	**23,068**

1 This amount includes the buyback of future lease payments from the Buildings Agency (Belgian Federal State) on the Egmont I and II buildings.

INVESTMENTS IN INVESTMENT PROPERTIES

Investments in investment properties are financed in cash and are shown under the item 'Investments in investment properties' of the statement of cash flows.

(x 1,000 EUR)	Healthcare real estate				Offices	Property of distribution networks	Other	Total
	Belgium	France	Netherlands	Germany				
Properties available for lease	1,903		-60	12,455	7,665	4,609		26,571
Assets held for own use								0
TOTAL	**1,903**	**0**	**-60**	**12,455**	**7,665**	**4,609**	**0**	**26,571**
Amount paid in cash	5,780		218	894	8,421	4,761		20,074
Change in provisions	-3,878		-278	11,561	-756	-152		6,497
TOTAL	**1,903**	**0**	**-60**	**12,455**	**7,665**	**4,609**	**0**	**26,571**

DISPOSALS OF INVESTMENT PROPERTIES

The amounts shown on the statement of cash flows under the item 'Disposals of investment properties' represent the net price received in cash from the buyer.

This net price is made up of the net book value of the property at 31.12.2017 and the net gain or loss realised on the disposal after deduction of the transaction costs.

(x 1,000 EUR)	Healthcare real estate				Offices	Property of distribution networks	Other	Total
	Belgium	France	Netherlands	Germany				
Properties available for lease								
Net book value					333,356	5,815		339,171
Result on the disposal of assets					26,966	986		27,951
Net sales price received					360,322	6,801		367,123
Assets held for sale								
Net carrying value		800						800
Result on transfer of assets		-16						-16
Net sales price received		784						784
Development projects								
Net book value					100			100
Result on the disposal of assets					500			500
Net sales price received					600			600
TOTAL	**0**	**784**	**0**	**0**	**360,922**	**6,801**	**0**	**368,507**

NOTE 38. CONTINGENT RIGHTS AND LIABILITIES

- The shares of the company Belliard III-IV Properties SA/NV held by Cofinimmo are subject to a purchase option. The exercise of this option is subject to the fulfilment of certain specific conditions.
- With regard to the assignment of the receivables of the lease with the Buildings Agency (Belgian Federal State) for the Antwerp courthouse, the balance of the receivables not assigned has been pledged in favour of a bank, subject to certain conditions. Cofinimmo furthermore granted a mortgage and a mortgage mandate on the sitewith Article 41 of the Law of 12.05.2014. With regard to the transfer of the finance lease debt vis-à-vis Justinvest Antwerpen SA/NV to an external trustee (JPA Properties SPRL/BVBA administered by Intertrust Belgium) concerning the construction cost of the Antwerp courthouse, the liquidities transferred to JPA have been pledged in favour of Cofinimmo SA/NV. The benefit of the pledge has been transferred in favour of a bank, subject to certain conditions.
- As part of the assignment of receivables of rents or long-lease fees relating to current agreements with the Buildings Agency (Belgian Federal State) or the European Commission on the Colonel Bourg 124 and Maire 19 buildings as well as the current lease with the City of Antwerp on the fire station, the shares of Bestone SA have been pledged in favour of a bank under certain conditions.
- In the context of other assignments of lease receivables, Cofinimmo has taken various commitments and granted certain guarantees, namely with regard to the assignment of the investment receivables of the prison in Leuze after the execution of the works.
- With regard to the leases signed with the Buildings Agency (Belgian Federal State) relating to, among other properties, the courthouse of Antwerp and the police station of Dendermonde, a purchase option has been granted in favour of the Agency, which, at the end of the lease, can leave the premises, extend the contract or buy the building.
- Cofinimmo has granted a purchase option to the HEKLA Police Zone in Antwerp on the property granted under long lease to this entity, to be taken up on the expiry of the long lease.
- Cofinimmo has agreed to several preferential rights and/or purchase options to the long-lease holder, at market value, on a part of its nursing homes and clinics portfolio.
- Cofinimmo granted a preferential right to a long lease holder, at market value, on the residual property rights of an office building in Brussels.
- The Cofinimmo Group is committed to and enjoys on behalf of its subsidiaries Pubstone and Pubstone Properties, a preferential right to the future developments (hospitality) to be realised in partnership with AB InBev and AB InBev enjoys a preferential right to the future developments (hospitality).
- Cofinimmo (and Pubstone Group) has undertaken and has preferential rights on the Pubstone SA/NV and Pubstone Group shares, and InBev Belgium has a right of purchase on the Pubstone SA/NV and Pubstone Group shares.
- Conversely, Leopold Square and InBev Belgium have preferential rights on the Pubstone Properties shares.
- Cofinimmo has an option to purchase shares of companies holding real estate in Germany.
- Within the context of calls for tenders, Cofinimmo regularly issues commitments to obtain bank guarantees.
- As a general rule, Cofinimmo benefits from liability guarantees issued by the sellers of shares in real estate companies it has acquired.
- Cofinimmo has granted various guarantees in connection with the disposal of shares of a company that it held and received guarantees from the buyers for the solidarity commitments that it had made with the sold company.
- Cofinimmo has granted various guarantees in connection with disposals of shares of companies that it held.
- Cofinimmo has granted a sale option, subject to the administrative authorisations, to the shareholders of Aspria Roosevelt SA/NV relating to the sale of 100 % of the shares of this company which holds the Solvay Sport site in Brussels intended for the construction of a new sports and leisure club to be operated by the

Aspria Group.

- With regard to the purchase of 11 healthcare buildings in the Netherlands, Superstone agreed with the seller on a right of sale for Superstone and a right of purchase for the seller concerning a building located in Utrecht.

- As part of a long lease agreement concerning a parking structure in Breda, Superstone, the long lease holder, agreed with Amphia, the bare owner, to a right of first offer for the assignment of the long lease right and a right of purchase under certain conditions.

- Superstone granted an option of purchase to the seller concerning a building in Almere and concerning a building in Voorschoten at the end of the lease contract with the tenant.

- With regard to its lease agreements, Cofinimmo receives a rental guarantee (in cash or as a bank guarantee) of an amount generally representing six months of rent.

- Cofinimmo has a call option on the preference shares it issued (Article 8 of the Articles of Association).

- Cofinimmo has undertaken to find a buyer for the Notes maturing in 2027 issued by Cofinimmo Lease Finance (see page 42 of the 2001 Annual Financial Report) in case a withholding tax would be applicable to the interests on these Notes due to a change in fiscal legislation which would have an effect on a holder residing in Belgium or the Netherlands.

- When requested to convert convertible bonds that it issued, Cofinimmo will have the choice, subject to certain conditions, between releasing new and/or existing shares or paying an amount in cash, or a combination of both.

- Cofinimmo will have the option to acquire in 2023, at their intrinsic value, all the Mandatory Convertible Bonds issued by Cofinimur I, either in cash or in exchange of ordinary Cofinimmo shares, subject to approval by two thirds of the holders in the latter case.

- Cofinimmo has undergone various commitments to not undertake certain actions (negative pledge) at the expiry of various financing contracts and the issue of bonds.

- Cofinimmo Cofinimmo signed an agreement, subject to conditions, relating to the acquisition of a psychiatric clinic under construction in Kaarst. The city is ideally located 15 km from Düsseldorf and 45 km from Cologne, in the State of North Rhine-Westphalia. The amount of the investment is about 22 million EUR.

- Cofinimmo has undertaken to finance the major renovation of the geriatric rehabilitation centre and the demolition and reconstruction of the nursing and care home of a site situated in Hillegersberg, a district of Rotterdam. The acquisition price of the current site (acquired in December 2018) and the budget of future works is 23 million EUR.

- Cofinimmo acquired a site for the construction of an orthopaedic clinic in the city of Rijswijk in October 2018. The Group is committed to purchasing the building of this turnkey project, an investment of 8 million EUR.

- The Group acquired the walls of a post-care and rehabilitation clinic under construction by the French Red Cross in Chalon-sur-Saône, in the Bourgogne-Franche-Comté region, within the context of the acquisition of the rights of a building lease for a term of 40 years. The acquisition price is approximately 20 million EUR, a first instalment of which was paid at the time of acquisition in August 2018.

NOTE 39. INVESTMENT COMMITMENTS

The Group has capital commitments of 60,000 KEUR (31.12.2017: 24,006 KEUR) in respect of capital expenditures contracted for at the balance sheet date but not yet incurred, for new property and extensions construction. Renovation works are not included in this figure.

NOTE 40. CONSOLIDATION CRITERIA AND SCOPE

CONSOLIDATION CRITERIA

The consolidated financial statements group the financial statements of the parent company and those of the subsidiaries and joint ventures, as drawn up at the closing date.

Consolidation is achieved by applying the following consolidation methods.

Full consolidation for the subsidiaries

Full consolidation consists of incorporating all the assets and liabilities of the subsidiaries, as well as income and charges.

Minority interests are shown in a separate item of both the balance sheet and the income statement.

The full consolidation method is applied when the parent company holds exclusive control.

The consolidated financial statements have been prepared at the same date as that on which the consolidated subsidiaries prepared their own financial statements.

Consolidation under the equity method for the joint ventures

The equity method consists of replacing the book value of the securities by the equity share of the entity (more details are provided in Note 2, paragraph C).

Name and addresses of the registered office Fully consolidated subsidiaries	Direct and indirect interests and voting rights (in %)		Main activity of the Group subsidiaries which are held at 100 %
	31.12.2018	31.12.2017	
GERMANY			
RM 1821 VERMÖGENSVERWALTUNGS-GMBH Registered address: München HRB 242359 Business address: Platz der Einheit 1 D-60327 Frankfurt-am-Main	**100**	N/A	RM 1821 VERMÖGENSVERWALTUNGS advises Cofinimmo in the growth and management of its German healthcare real estate portfolio
RM 1822 VERMÖGENSVERWALTUNGS GMBH Registered address: München HRB 242400 Business address: Platz der Einheit 1 D-60327 Frankfurt-am-Main	**100**	N/A	RM 1822 VERMÖGENSVERWALTUNGS GMBH holds and makes available business fixtures
STERN BETEILIGUNGS GMBH Registered address: Frankfurt-am-Main HRB 112550 Business address: Platz der Einheit 1 D-60327 Frankfurt-am-Main	**100**	N/A	STERN BETEILIGUNGS GMBH is the General Partner & Service Provider of PRESIDENTIAL NORDIC 1 GMBH & CO and of PRESIDENTIAL NORDIC 2 GMBH & CO
BELGIUM			
BESTONE SA/NV 0670 681 160 Boulevard de la Woluwedal 58 1200 Brussels	**100**	100	BESTONE SA/NV holds : - a long-lease right on the Maire 19 building in Tournai/Doornik - a long-lease right on the Colonel Bourg 124 building in Evere - a long-lease right on the Noorderlaan 69 building in Antwerp
BOLIVAR PROPERTIES SA/NV 0878 423 981 Boulevard de la Woluwedal 58 1200 Brussels	**100**	100	BOLIVAR PROPERTIES held a long-lease right on the Egmont I and II buildings

Name and addresses of the registered office Fully consolidated subsidiaries	Direct and indirect interests and voting rights (in %)		Main activity of the Group subsidiaries which are held at 100 %
	31.12.2018	31.12.2017	
COFINIMMO SERVICES SA/NV 0437 018 652 Boulevard de la Woluwedal 58 1200 Brussels	**100**	100	COFINIMMO SERVICES is responsible for the property management of the COFINIMMO SA/NV properties
FPR LEUZE SA/NV 0839 750 279 Boulevard de la Woluwedal 58 1200 Brussels	**100**	100	FPR Leuze was created following the assignment by the Buildings Agency (Belgian Federal State) of the public contract drawn up on the DBFM model for the construction and maintenance of a new prison in Leuze-en-Hainaut, in the Mons/Bergen region
GESTONE SA/NV 0655 814 822 Boulevard de la Woluwedal 58 1200 Brussels	**100**	100	GESTONE SA/NV holds three nursing and care homes in Calau, Chemnitz and Riesa in Germany
GESTONE II SA/NV 0670 681 259 Boulevard de la Woluwedal 58 1200 Brussels	**100**	100	GESTONE II SA/NV holds four nursing and care homes in Luneburg, Gelsenkirchen, Neustadt and Niebüll in Germany
GESTONE III SA/NV 0696 911 940 Boulevard de la Woluwedal 58 1200 Brussels	**100**	100	GESTONE III holds an interest in shares in ARCON-TRUST DRITTE IMMOBILIENANIAGEN GMBH
GESTONE IV SA/NV 0683 716 475 Boulevard de la Woluwedal 58 1200 Brussels	**100**	N/A	GESTONE IV SA/NV holds a psychiatric clinic under construction in Kaarst, as well as two nursing and care homes Langelsheim and Bad Sassendorf in Germany
LEOPOLD SQUARE SA/NV 0465 387 588 Boulevard de la Woluwedal 58 1200 Brussels	**100**	100	LEOPOLD SQUARE SA/NV partially or fully holds the buildings located in avenue du Bourgetlaan 40 in Brussels and Park Hill A and B in Diegem, as well as the subsoil of the Cockx 8-10 building (Omega Court). LEOPOLD SQUARE SA/NV also holds interests in shares in: - COFINIMMO SERVICES SA/NV - BESTONE SA/NV - PUBSTONE PROPERTIES BV
PRIME BEL RUE DE LA LOI-T SA/NV 0463 603 184 Boulevard de la Woluwedal 58 1200 Brussels	**100**	100	PRIME BEL RUE DE LA LOI-T SA/NV holds the Loi/Wet 34 office building in Brussels
RHONE ARTS SA/NV 0413.742.414 Boulevard de la Woluwedal 58 1200 Brussels	**100**	N/A	RHONE ARTS SA/NV holds the Arts/Kunst 27 office building in Brussels
RHEASTONE SA/NV 0893 787 296 Boulevard de la Woluwedal 58 1200 Brussels	**100**	97,38	RHEASTONE SA/NV holds four nursing and care homes in Roeselare, Vosselaar, Aalst and La Louvière
STERN-FIIS SA/NV 0691.982.756 Boulevard de la Woluwedal 58 1200 Brussels	**100**	N/A	STERN FIIS SA/NV holds interests in shares in: - PFLEGE PLUS + OBJEKT BOCHUM GMBH - PFLEGE PLUS + OBJEKT ERFSTADT/LIBLAR GMBH - PFLEGE PLUS + OBJEKT HAAN GMBH - RM 1822 VERMÖGENSVERWALTUNGS GMBH
STERN-FIIS II SA/NV 0696.912.831 Boulevard de la Woluwedal 58 1200 Brussels	**100**	N/A	STERN FIIS II SA/NV holds interests in shares in: - PFLEGE PLUS + OBJEKT ALSDORF GMBH - PRESIDENTIAL NORDIC 1 GMBH & CO. KG - PRESIDENTIAL NORDIC 2 GMBH & CO. KG
STERN-FIIS III SA/NV 0696.912.930 Boulevard de la Woluwedal 58 1200 Brussels	**100**	N/A	STERN FIIS III SA/NV holds an interest in shares in: - PFLEGE PLUS + OBJEKT WEIL AM RHEIN GMBH - PFLEGE PLUS + OBJEKT WEILERWIST GMBH
STERN-FIIS IV SA/NV 0696.913.029 Boulevard de la Woluwedal 58 1200 Brussels	**100**	N/A	STERN FIIS IV SA/NV holds an interest in shares in: - PFLEGE PLUS + OBJEKT BOTTROP GMBH - PFLEGE PLUS + OBJEKT FRIEDRICHSTADT - PFLEGE PLUS + OBJEKT GELSENKIRCHEN GMBH - PFLEGE PLUS + OBJEKT GOSLAR GMBH - PFLEGE PLUS + OBJEKT SWISTTAL GMBH
TRIAS BEL SOUVERAIN-T SA/NV 0597 987 776 Boulevard de la Woluwedal 58 1200 Brussels	**100**	100	TRIAS BEL SOUVERAIN-T SA/NV holds the Souverain/Vorst 280 building

Name and addresses of the registered office Fully consolidated subsidiaries	Direct and indirect interests and voting rights (in %)		Main activity of the Group subsidiaries which are held at 100 %
	31.12.2018	31.12.2017	
FRANCE			
COFINIMMO INVESTISSEMENTS ET SERVICES SA 487 542 169 13 Rue du Docteur Lancereaux 75008 Paris (France)	**100**	100	COFINIMMO INVESTISSEMENTS ET SERVICES SA holds in France: - 11 aftercare and rehabilitation clinics (SSR) in Belloy, Letra, Paris, Néville, Fondettes, Siouville, Jassans-Rottier, Hyères, Montfort-en-Chalosse, Louviers, et Saint-Martin d'Aubigny - 4 psychiatric clinics in Esvres-sur-Indre (2), Cambes, and Bois-le-Roi - 12 nursing homes (EHPAD) in Reims, Sarzeau, Villars-les-Dombes, Saint-Sébastien-sur-Loire, Carnoux-en-Provence, l'Union, Andilly, Rouen, Perriers-sur-Andelle, Rueil-Malmaison, Cannes La Bocca, and Gradignan COFINIMMO INVESTISSEMENTS ET SERVICES SA holds an interest in shares in - SCI AC NAPOLI - SCI BEAULIEU - SCI CUXAC II - SCI DE L'ORBIEU - SCI DU DONJON - SNC DU HAUT CLUZEAU - SARL HYPOCRATE DE LA SALETTE - SCI LA NOUVELLE PINEDE - SCI RESIDENCE FRONTENAC - SCI SOCIBLANC
SCI AC NAPOLI 428 295 695 13 Rue du Docteur Lancereaux 75008 Paris (France)	**100**	100	SCI AC NAPOLI holds a nursing home in Jurançon, France
SCI BEAULIEU 444 644 553 13 Rue du Docteur Lancereaux 75008 Paris (France)	**100**	100	SCI BEAULIEU holds an aftercare and rehabilitation clinic in Caen, France
SCI CUXAC II 343 262 341 13 Rue du Docteur Lancereaux 75008 Paris (France)	**100**	100	SCI CUXAC II holds a nursing home in Cuxac Cabardès, France
SCI DE L'ORBIEU 383 174 380 13 Rue du Docteur Lancereaux 75008 Paris (France)	**100**	100	SCI DE L'ORBIEU holds an aftercare and rehabilitation clinic in Conques-sur-Orbiel, France
SCI DU DONJON 377 815 386 13 Rue du Docteur Lancereaux 75008 Paris (France)	**100**	100	SCI DU DONJON holds a nursing home in Moncontour, France
SNC DU HAUT CLUZEAU 319 119 921 13 Rue du Docteur Lancereaux 75008 Paris (France)	**100**	100	SNC DU HAUT CLUZEAU holds a psychiatric clinic in Chasseneuil, France
SARL HYPOCRATE DE LA SALETTE 388 117 988 13 Rue du Docteur Lancereaux 75008 Paris (France)	**100**	100	SARL HYPOCRATE DE LA SALETTE holds an aftercare and rehabilitation clinic in Marseille, France
SCI LA NOUVELLE PINEDE 331 386 748 13 Rue du Docteur Lancereaux 75008 Paris (France)	**100**	100	SCI LA NOUVELLE PINEDE holds a nursing home in Simorre, France
SCI RESIDENCE FRONTENAC 348 939 901 13 Rue du Docteur Lancereaux 75008 Paris (France)	**100**	100	SCI RESIDENCE DE FRONTENAC holds a nursing home in Bram, France
SCI SOCIBLANC 328 781 844 13 Rue du Docteur Lancereaux 75008 Paris (France)	**100**	100	SCI SOCIBLANC holds an aftercare and rehabilitation clinic in Bezons, France
LUXEMBURG			
COFINIMMO LUXEMBOURG SA B100044 19 rue Aldringen L-1118 Luxembourg (Luxembourg)	**100**	100	COFINIMMO LUXEMBOURG SA holds a clinic in Baden-Baden, Germany
KAISERSTONE SA B202584 19 rue Aldringen L-1118 Luxembourg (Luxembourg)	**100**	100	KAISERSTONE SA holds a clinic in Bonn, Germany

Name and addresses of the registered office Fully consolidated subsidiaries	Direct and indirect interests and voting rights (in %)		Main activity of the Group subsidiaries which are held at 100 %
	31.12.2018	31.12.2017	
WELLNESSTONE SA B197443 19 rue Aldringen L-1118 Luxembourg (Luxembourg)	**100**	100	WELLNESSTONE SA holds an interest in shares in: - ASPRIA MASCHSEE BV - ASPRIA UHLENHORST BV - GREAT GERMAN NURSING HOMES SARL - KAISERSTONE SA
NETHERLANDS			
SUPERSTONE NV 530704488 Claudius Prinsenlaan 128 4818 CP Breda (The Netherlands)	**100**	100	SUPERSTONE holds in the Netherlands: - 7 acute care clinics in Ede, Naarden, Rijswick, Heerlen, Voorschoten, Almere, in Arnhem - 11 care centres for disabled and elderly people in Ermelo, Alphen aan den Rijn, Lopik, Gouda, Sliedrecht, Tiel, Utrecht, Bavel, Amsterdam and Gorinchem - 11 medical office buildings in Tiel, Uithoorn, Oisterwijk, Leiden, Baarn, Goirle, Tilburg, Eemnes and Oud Beijerland - 1 parking in Breda - 1 office in Eindhoven

Subsidiaries held by the Cofinimmo Group and with minority interests (non-controlling interests)

Name and addresses of the registered office Fully consolidated subsidiaries	Direct and indirect interests and voting rights (in %)		Main activity of the Group subsidiaries which are held at 100 %
	31.12.2018	31.12.2017	
GERMANY			
ARCON-TRUST DRITTE IMMOBILIENANIAGEN GMBH Registered address: Köln HRB 55365 Business address: Platz der Einheit 1 D-60327 Frankfurt-am-Main	89.9	N/A	ARCON-TRUST DRITTE IMMOBILIENANIAGEN GMBH holds a nursing and care home in Montabaur
PFLEGE PLUS + OBJEKT ALSDORF GMBH Registered address: Hamburg HRB 120540 Business address: Platz der Einheit 1 D-60327 Frankfurt-am-Main	94.9	N/A	PFLEGE PLUS + OBJEKT ALSDORF GMBH holds a nursing and care home in Alsdorf
PFLEGE PLUS + OBJEKT BOCHUM GMBH Registered address: Hamburg HRB 120821 Business address: Platz der Einheit 1 D-60327 Frankfurt-am-Main	94.9	N/A	PFLEGE PLUS + OBJEKT BOCHUM GMBH holds a nursing and care home in Bochum
PFLEGE PLUS + OBJEKT BOTTROP GMBH Registered address: Hamburg HRB 120545 Business address: Platz der Einheit 1 D-60327 Frankfurt-am-Main	94.9	N/A	PFLEGE PLUS + OBJEKT BOTTROP GMBH holds a nursing and care home in Bottrop
PFLEGE PLUS + OBJEKT ERFSTADT/LIBLAR GMBH Registered address: Hamburg HRB 120542 Business address: Platz der Einheit 1 D-60327 Frankfurt-am-Main	94.9	N/A	PFLEGE PLUS + OBJEKT ERFSTADT/LIBLAR GMBH holds a nursing and care home in Erfstadt
PFLEGE PLUS + OBJEKT FRIEDRICHSTADT GMBH Registered address: Hamburg HRB 137662 Business address: Platz der Einheit 1 D-60327 Frankfurt-am-Main	94.9	N/A	PFLEGE PLUS + OBJEKT FRIEDRICHSTADT GMBH holds a nursing and care home in Friedrichstadt
PFLEGE PLUS + OBJEKT GELSENKIRCHEN GMBH Registered address: Hamburg HRB 128959 Business address: Platz der Einheit 1 D-60327 Frankfurt-am-Main	94.9	N/A	PFLEGE PLUS + OBJEKT GELSENKIRCHEN GMBH holds a nursing and care home in Gelsenkirchen

Name and addresses of the registered office Fully consolidated subsidiaries	Direct and indirect interests and voting rights (in %)		Main activity of the Group subsidiaries which are held at 100 %
	31.12.2018	31.12.2017	
PFLEGE PLUS + OBJEKT GOSLAR GMBH Registered address: Hamburg HRB 136466 Business address: Platz der Einheit 1 D-60327 Frankfurt-am-Main	94.9	N/A	PFLEGE PLUS + OBJEKT GOSLAR GMBH holds a nursing and care home in Goslar
PFLEGE PLUS + OBJEKT HAAN GMBH Registered address: Hamburg HRB 120541 Business address: Platz der Einheit 1 D-60327 Frankfurt-am-Main	94.9	N/A	PFLEGE PLUS + OBJEKT HAAN GMBH holds a nursing and care home in Haan
PFLEGE PLUS + OBJEKT WEIL AM RHEIN GMBH Registered address: Hamburg HRB 124218 Business address: Platz der Einheit 1 D-60327 Frankfurt-am-Main	94.9	N/A	PFLEGE PLUS + OBJEKT WEIL AM RHEIN GMBH holds a nursing and care home in Weil Am Rhein
PFLEGE PLUS + OBJEKT WEILERWIST GMBH Registered address: Hamburg HRB 128576 Business address: Platz der Einheit 1 D-60327 Frankfurt-am-Main	94.9	N/A	PFLEGE PLUS + OBJEKT WEILERWIST GMBH holds a nursing and care home in Weilerwist
PFLEGE PLUS + OBJEKT SWISTTAL GMBH Registered address: Frankfurt HRB 105001 Business address: Platz der Einheit 1 D-60327 Frankfurt-am-Main	94.9	N/A	PFLEGE PLUS + OBJEKT SWISTTAL GMBH holds a nursing and care home in Swisttal
PRESIDENTIAL NORDIC 1 GMBH & CO. KG Registered address: Frankfurt HRA 50316 Business address: Platz der Einheit 1 D-60327 Frankfurt-am-Main	94.9	N/A	PRESIDENTIAL NORDIC 1 GMBH & CO. KG holds three nursing and care homes in Leck, Schafflung and Viöl
PRESIDENTIAL NORDIC 2 GMBH & CO. KG Registered address: Frankfurt HRA 50317 Business address: Platz der Einheit 1 D-60327 Frankfurt-am-Main	94.9	N/A	PRESIDENTIAL NORDIC 2 GMBH & CO. KG holds two nursing and care homes in Lunden and Ascheffel
BELGIUM			
BELLIARD III-IV PROPERTIES SA/NV 0475 162 121 Boulevard de la Woluwedal 58 1200 Bruxelles	99.9	99.9	BELLIARD III-IV PROPERTIES SA/NV holds the residual rights of the property Belliard III & IV in Brussels
PUBSTONE SA/NV 0405 819 096 Boulevard de la Woluwedal 58 1200 Brussels	99.9	99.9	PUBSTONE SA/NV holfd 736 pubs and restaurants in Belgium, operated by AB InBev
PUBSTONE GROUP SA/NV 0878 010 643 Boulevard de la Woluwedal 58 1200 Brussels	90	90	PUBSTONE GROUP SA/NV holds an interest in shares in PUBSTONE SA/NV
FRANCE			
COFINIMUR I SA 537 946 824 Rue du Docteur Lancereaux 13 75008 Paris (France)	97.65	97.65	COFINIMUR I SA holds 271 agencies and offices in France operated by the Group MAAF
LUXEMBURG			
GREAT GERMAN NURSING HOMES SARL B123.141 19 rue Aldringen L-1118 Luxembourg (Luxembourg)	94.9	N/A	GREAT GERMAN NURSING HOMES SARL holds a nursing and care home in Duisburg-Walsum, Germany

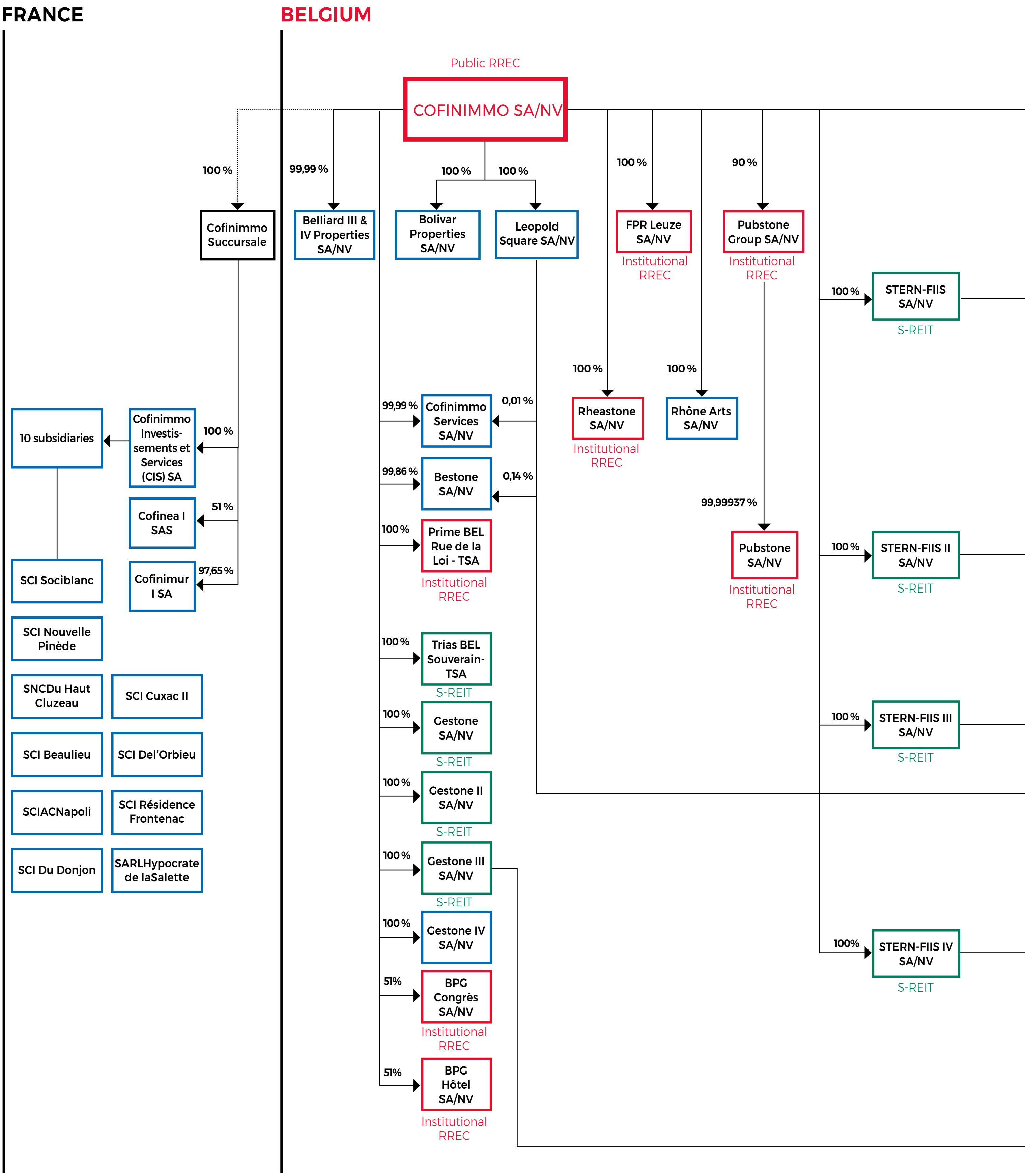
Name and addresses of the registered office Fully consolidated subsidiaries	Direct and indirect interests and voting rights (in %)		Main activity of the Group subsidiaries which are held at 100 %
	31.12.2018	31.12.2017	
NETHERLANDS			
ASPRIA MASCHSEE BV 81.89.06.108.B.01 Claudius Prinsenlaan 128 4818 CP Breda (The Netherlands)	94.9	94.9	ASPRIA MACHSEE BV holds a sport and wellness centre in Hannover, Germany
ASPRIA UHLENHORST BV 81.89.06.182.B.01 Claudius Prinsenlaan 128 4818 CP Breda (The Netherlands)	94.9	94.9	ASPRIA UHLENHORST BV holds a sport and wellness centre in Hamburg, Germany
PUBSTONE PROPERTIES BV 81.85.89.723.B.01 Claudius Prinsenlaan 128 4818 CP Breda (The Netherlands)	90[1]	90[1]	PUBSTONE PROPERTIES BV holds 226 pubs and restaurants in the Netherlands, operated by AB InBev

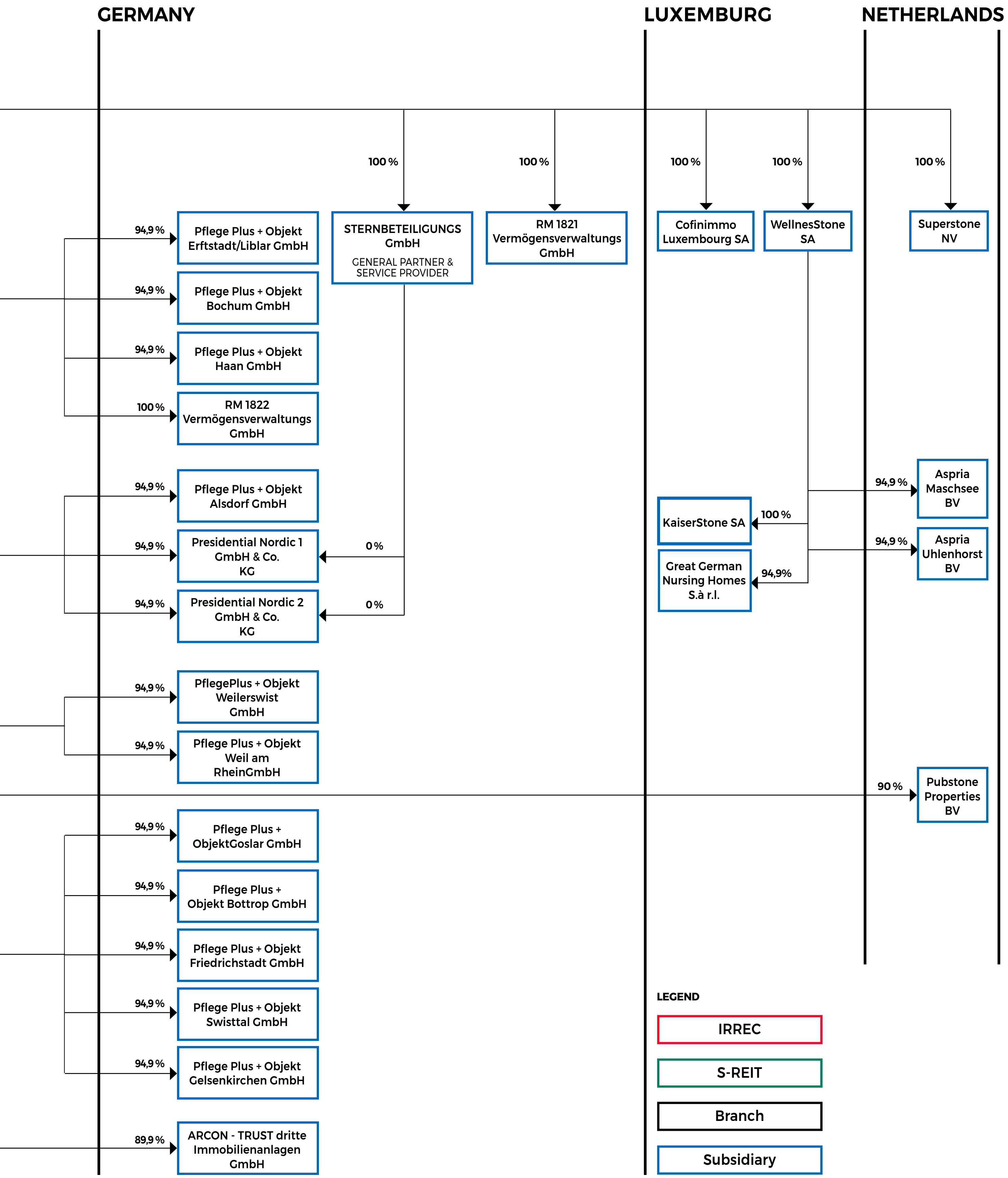
Joint ventures

Name and addresses of the registered office Fully consolidated subsidiaries	Direct and indirect interests and voting rights (in %)		Main activity of the Group subsidiaries which are not held at 100 %
	31.12.2018	31.12.2017	
BELGIUM			
BPG CONGRES SA/NV 0713.600.789 Boulevard de la Woluwedal 58 1200 Brussels	51	N/A	BPG CONGRES SA/NV received the public contract drawn up by the Buildings Agency (Belgian Federal State) on the DBFM model for the construction and maintenance of a convention centre in Brussels. COFINIMMO SA/NV holds 51 % of the capital of BPG CONGRES SA/NV, which is thus accounted for under the equity consolidation method in the Groups consolidated accounts. The other shareholder is CFE.
BPG HOTEL SA/NV 0713.600.888 Boulevard de la Woluwedal 58 1200 Brussels	51	N/A	BPG HOTEL SA/NV received the public contract drawn up by the Buildings Agency (Belgian Federal State) on the DBFM model for the construction and maintenance of a hotel in Brussels. COFINIMMO SA/NV holds 51 % of the capital of BPG HOTEL SA/NV, which is thus accounted for under the equity consolidation method in the Groups consolidated accounts. The other shareholder is CFE.
FRANCE			
COFINEA I SAS 538 144 122 Rue du Docteur Lancereaux 13 75008 Paris (France)	51	51	COFINEA I SAS holds an aftercare and rehabilitation clinic in Paris. COFINIMMO SA/NV holds 51 % of the capital of COFINEA I SAS, which is thus accounted for under the equity consolidation method in the Groups consolidated accounts. The other shareholder is the Group ORPEA.

1 Economical Interest.

Group structure




GERMANY
LUXEMBURG
NETHERLANDS
100 %
STERNBETEILIGUNGS GmbH
GENERAL PARTNER & SERVICE PROVIDER
100 %
RM 1821 Vermögensverwaltungs GmbH
100 %
Cofinimmo Luxembourg SA
100 %
WellnesStone SA
100 %
Superstone NV
94,9 %
Pflege Plus + Objekt Erftstadt/Liblar GmbH
94,9 %
Pflege Plus + Objekt Bochum GmbH
94,9 %
Pflege Plus + Objekt Haan GmbH
100 %
RM 1822 Vermögensverwaltungs GmbH
94,9 %
Pflege Plus + Objekt Alsdorf GmbH
94,9 %
Presidential Nordic 1 GmbH & Co. KG
0 %
94,9 %
Presidential Nordic 2 GmbH & Co. KG
0 %
94,9 %
PflegePlus + Objekt Weilerswist GmbH
94,9 %
Pflege Plus + Objekt Weil am RheinGmbH
94,9 %
Pflege Plus + ObjektGoslar GmbH
94,9 %
Pflege Plus + Objekt Bottrop GmbH
94,9 %
Pflege Plus + Objekt Friedrichstadt GmbH
94,9 %
Pflege Plus + Objekt Swisttal GmbH
94,9 %
Pflege Plus + Objekt Gelsenkirchen GmbH
89,9 %
ARCON - TRUST dritte Immobilienanlagen GmbH
100 %
KaiserStone SA
94,9%
Great German Nursing Homes S.à r.l.
94,9 %
Aspria Maschsee BV
94,9 %
Aspria Uhlenhorst BV
90 %
Pubstone Properties BV
LEGEND
IRREC
S-REIT
Branch
Subsidiary

NON-CONTROLLING INTERESTS[1]

Non-controlling interests represent third-party interests in subsidiaries neither directly nor indirectly held by the Group.

Cofinimur I

At the end of 2011, Cofinimmo acquired a portfolio of agencies and offices from the MAAF Group through its subsidiary Cofinimur I. Foncière ATLAND owns 2.35 % of the shares of the Cofinimur I structure. In addition, at the time of the acquisition, Cofinimur I also issued mandatory convertible bonds (MCB), considered as non-controlling interests of which the holders are qualified as MCB holders.

Foncière ATLAND is a listed French property company with the SIIC status. It specialises in corporate real estate, offices, business premises, warehouses and retail.

For further information: **www.fonciere-atland.fr**

Pubstone

At the end of 2007, Cofinimmo acquired a portfolio of pubs and restaurants owned until then by Immobrew SA/NV, a subsidiary of InBev Belgium and renamed Pubstone SA/NV. At 31.12.2018, InBev Belgium owns an indirect stake of 10 % in the Pubstone structure.

In addition, following the restructuration of the Pubstone Group in December 2013, InBev Belgium owns 10 % direct minority interests in Pubstone Properties BV.

Anheuser-Busch InBev (AB InBev) is the world's largest brewer by volume of beer brewed.

For further information about the Group: **www.ab-InBev.com**

Rheastone

Following the partial demerger of Silverstone during financial year 2015, Senior Assist held 2.62 % in Rheastone SA/NV.

During the fourth quarter of 2018, Cofinimmo proceeded to the acquisition of these 2.62 %.

Aspria

Cofinimmo acquired two sport and well-being centres in Germany. The Aspria Group holds a 5.1 % interest in Aspria Maschsee BV and Aspria Uhlenhorst BV.

The Aspria Group, founded in 2000, manages eight luxury sport and well-being centres in prestigious locations in Germany, Belgium and Italy. In Belgium, the company operates three centres, of which one is owned by Cofinimmo.

For further information: **www.aspria.com**

The holding of these minority interests by companies outside of the Group, and therefore not controlled by Cofinimmo, is considered immaterial with regard to the Group's total shareholders' equity: at 31.12.2018, the minority interests amount to 84 million EUR vs. Cofinimmo's shareholders' equity of 2,166 million EUR, i.e. 3.9 %).

1 The term 'non-controlling interests' as defined under IFRS 12 corresponds to minority interests.

Change in non-controlling interests

(x 1,000 EUR)	Cofinimur I		Pubstone	Rheastone	Aspria Maschsee	Aspria Uhlenhorst	Total
	ATLAND	MCB Holders	AB InBev	Senior Assist	Aspria	Aspria	
AT 01.01.2017	**1,365**	**49,693**	**12,940**	**1,466**	**666**	**406**	**66,536**
Interests on the income statement	68	3,075	1,115	86	121	94	4,559
Coupons MCB		-2,496					-2,496
Dividends	-19		-1,000	-58			-1,076
Other		15,758					15,758
AT 31.12.2017	**1,415**	**66,030**	**13,055**	**1,495**	**786**	**500**	**83,280**
Interests on the income statement	67	3,203	2,273	48	103	144	5,839
Coupons MCB		-2,884					-2,884
Dividends	-44		-1,312	-60			-1,416
Other	314	584		-1,482			-584
AT 31.12.2018	**1,751**	**66,933**	**14,016**	**0**	**890**	**644**	**84,234**

Joint ventures

On 31.12.2018, the Cofinimmo Group books the joint ventures listed below (Cofinéa I, BPG Congress and BPG Hotel) using the equity consolidation method because the Group, together with its associated shareholders, exercises control over these companies pursuant to contractual cooperation agreements.

In view of their share in the result of the Cofinimmo Group in 2018, these joint ventures are regarded as immaterial.

General information

Company	**Cofinéa I**	**BPG Congres**	**BPG Hotel**
Segment	Healthcare real estate	Others	Others
Country	France	Belgium	Belgium
% held by the Cofinimmo Group	51 %	51 %	51 %
Partner shareholders	ORPEA Group OPCI (49 %)	CFE (49 %)	CFE (49 %)
Date of company creation	2012	2018	2018
Accounting period	Ends on December 31st	Ends on December 31st	Ends on December 31st
	31.12.2018	**31.12.2018**	**31.12.2018**
Amount of the Cofinimmo share in the result (x 1,000 EUR)			
Net result of core activities (at 100 %)	1,656	-4	-4
Other elements of the global result	123	0	0
Global result	1,780	-4	-4
% held by the Cofinimmo Group	51 %	51 %	51 %
Share in the result of associated companies or joint ventures	908	-2	-2
Amount of the interest at Cofinimmo (x 1,000 EUR)			
Participations in associated companies and joint ventures	7,806	610	610

Risks and commitments related to the partner shareholders

With the framework of Cofinéa I, the goal of the partnership entered into with the ORPEA Group is to bring assets operated by the ORPEA Group under the structure.

Cofinimmo holds 51 % of the shares of this structure. However, the partnership agreement stipulates that all decisions, particularly with regard to investments and divestments, are taken in mutual consent, which implies a joint control of the company.

NOTE 41. SALES OPTIONS PERMITTED FOR NON-CONTROLLING SHAREHOLDERS

The Group has undertaken to take over non-controlling interests in specific subsidiaries owned by third parties should the latter exercise their sales options.

The exercise price of such options permitted for non-controlling shareholders is recognised in the 'Other non-current financial liabilities' line (see Note 25).

It concerns the following companies: Great German Nursing Homes SARL, Pflege Plus + Objekt Alsdorf GmbH, Pflege Plus + Objekt Bochum GmbH, Pflege Plus + Objekt Bottrop GmbH, Pflege Plus + Objekt Erftstadt/Liblar GmbH, Pflege Plus + Objekt Friedrichstadt GmbH, Pflege Plus + Objekt Gelsenkirchen GmbH, Pflege Plus + Objekt Goslar GmbH, Pflege Plus + Objekt Haan GmbH, Pflege Plus + Objekt Swisttal GmbH, Pflege Plus + Objekt Weil am Rhein GmbH, Pflege Plus + Objekt Weilerswist GmbH, Presidential Nordic 1 GmbH & Co. KG, Presidential Nordic 2 GmbH & Co. KG, ARCON-TRUST dritte Immobilienanlagen GmbH.

NOTE 42. PAYMENTS BASED ON SHARES

STOCK OPTION PLAN

In 2006, Cofinimmo launched a stock option plan whereby 8,000 stock options were granted to the Group's management. This plan was relaunched during each of the following years until 2016 included. In 2017 and 2018, the stock option plan has not been proposed.

When they are exercised, the beneficiaries will pay the exercise price (per share) of the year in which the stock options were granted, in exchange for the delivery of the securities. In the event of voluntary or involuntary departure (excluding premature termination for serious reasons) of a beneficiary, the stock options accepted and vested may be exercised after the end of the third calendar year following the year in which the stock options were granted. Options that have not been vested are cancelled, except when retiring on a pension. In the event of the involuntary departure of a beneficiary for serious reasons, all stock options accepted but not exercised, whether vested or not, are cancelled. These conditions governing the acquisition and the exercise periods in the event of a departure, whether voluntary or involuntary, will apply without prejudice to the powers of the Board of Directors for the members of the Executive Committee or the powers of the Executive Committee for the other participants to authorise waivers to these provisions in favour of the beneficiary, based on objective and relevant criteria.

Number of stock options

Year of the plan	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
AT 01.01	6,825	7,525	3,000	3,320	4,095	8,035	5,740	7,215	6,730	7,300	8,000
Granted											
Cancelled	-1,600	-1,600		-500	-1,067	-1,386	-250	-695	-2,125	-2,050	-2,350
Exercised		-475		-770	-1,428	-3,319	-3,770	-6,245	-880	-625	-2,300
Expired											
AT 31.12	5,225	5,450	3,000	2,050	1,600	3,330	1,720	275	3,725	4,625	3,350
Exercisable at 31.12		5,450	3,000	2,050	1,600	3,330	1,720	275	3,725	4,625	3,350
Strike price (in EUR)	108.44	95.03	88.75	88.12	84.85	97.45	93.45	86.06	122.92	143.66	129.27
Last exercise date	15.06.26	16.06.25	16.06.24	16.06.23	18.06.22	14.06.21	13.06.20	11.06.19	12.06.23	12.06.22	13.06.21
Fair value of the options at the date of granting (x 1,000 EUR)	200.86	233.94	102.99	164.64	168.18	363.90	255.43	372.44	353.12	261.27	216.36

Cofinimmo applies the IFRS 2 standard by recognising over the vesting period (namely three years) the fair value of the stock options at the date of granting according to the progressive acquisition method. The annual cost of the progressive vesting is recognised under the item 'Personnel charges' on the income statement.

NOTE 43. AVERAGE NUMBER OF PEOPLE LINKED BY AN EMPLOYMENT CONTRACT OR BY A PERMANENT SERVICE CONTRACT

	2018	2017
Average number of people linked by an employment contract or by a permanent service contract	134	135
Employees	130	131
Executive management personnel	4	4
Full-time equivalent	**126**	129

NOTE 44. RELATED-PARTY TRANSACTIONS

The emoluments and insurance premiums, borne by Cofinimmo and its subsidiaries, for the benefit of the members of the Board of Directors, charged to the income statement, amount to 2,895,864 EUR of which 219,303 EUR is attributed to post-employment benefits.

The 'Corporate Governance Statement' chapter of this Annual Financial Report includes the composition of the various decision-making bodies and the tables on the remuneration of the Non-Executive and Executive Directors. The difference between the amount on the income statement and that stated in the tables is explained by movements in provisions.

The Directors are not beneficiaries of the profit-sharing scheme, which exclusively concerns the employees of the Group.

As a reminder, at the end of 2012, Cofinimmo signed a joint venture with the entity Cofinéa I SAS, a company incorporated under French Law. Cofinimmo owns 51 % of its capital and the ORPEA Group 49 %. With the exception of its interest in Cofinéa I, Cofinimmo has no other transactions with this joint venture. In addition, there were no transactions in 2018 with the ORPEA Group (for more details, see Note 40).

Cofinimmo acquired the shares held by Senior Assist in the capital of the institutional Regulated Real Estate Company under Belgian law: Rheastone. 97.38 % of the capital of Rheastone was owned by Cofinimmo and 2.62 % by Senior Assistant, which means that Cofinimmo now owns all of the Rheastone company shares.

On 14.12.2018, Cofinimmo concluded agreements that make it possible to conclude a lease contract for 99 years on the Serenitas and Moulin à Papier/Papiermolen buildings situated in the decentralised area in Brussels, at the latest on 30.06.2020, for the benefit of BPI Real Estate Belgium. BPI Real Estate Belgium is a company within the Belgian industrial group CFE. Since the latter has had a participating interest with subsidiaries of Cofinimmo SA/NV (BPG CONGRES SA/NV and BPG HOTEL SA/NV) since 13.11.2018, the provisions of Articles 37 §1 and 49 §2 of the Law of 12 May 2014 on Regulated Real Estate Companies are applied.

There were no other transactions with other related parties.

NOTE 45. EVENTS AFTER CLOSING DATE

No major event that could have a considerable impact on the results as at 31.12.2018 took place after the closing date.

Sale of an assisted living facility in Oud-Turnhout

On 10.01.2019, Cofinimmo sold the assisted living facility adjacent to the ‘t Smeedeshof nursing and care home for 16 million EUR, which is slightly higher than the last fair value (as at 31.12.2018) determined by Cofinimmo’s independent evaluator.

Signing of heding instruments

In January and February 2019, Cofinimmo signed three new IRS: 150 million EUR for 2022, 100 million EUR for 2023 and 50 million EUR for 2024.

Delivery of the construction works of a care centre for people suffering from mental disorders located in Gorinchem (the Netherlands)

Construction works for a care centre for people suffering from mental disorders located in Gorinchem, the province of South Holland, were delivered on 01.02.2019 as planned.

Acquisition of a nursing and care home in Velp (The Netherlands)

In early February 2019, Cofinimmo acquired through its subsidiary Superstone NV, the 'Kastanjehof' nursing and care home for approximatively 4 million EUR. The building is leased to 'Stichting Attent Zorg en Behandeling', with whom Cofinimmo has signed a double net lease for a residual term of nine years. The rent will be indexed annually in accordance with the Dutch consumer price index. The gross rental yield amounts to approximatively 5.5 %.

Signing of a 15-year agreement for the Quartz redevelopment project

On 20.02.2019, Cofinimmo signed an agreement with the European Free Trade Association (EFTA), the EFTA Surveillance Authority (ESA) and the Financial Mechanism Office (FMO) whereby these institutions will become usufructuaries of the whole Quartz office building. The agreement will commence following delivery of the works, scheduled in the course of 2020, and has a term of 15 years. Quartz will offer nearly 9,200 m² of modern and modular offices and versatile surfaces. Cofinimmo is aiming for BREEAM Excellent certification (already obtained for the Design phase). The building will comply not only with the 2015 energy regulations, but also with additional high demands in terms of quality and sustainability set forth by Cofinimmo for its construction, renovation and redevelopment projects. The budget of the works is estimated at 24 million EUR.

Dividend

The amount of the dividend proposed to shareholders at the Ordinary General Meeting of 08.05.2019 is 117,986,535.36 EUR for the ordinary shares and 4,345,206.32 EUR for the preference shares (for more details, see Note 20).

Statutory Auditor's report on the consolidated financial statements

Statutory auditor's report to the shareholders' meeting of Cofinimmo NV/SA for the year ended 31 December 2018 - Consolidated financial statements

In the context of the statutory audit of the consolidated financial statements of Cofinimmo NV/SA ("the company") and its subsidiaries (jointly "the group"), we hereby submit our statutory audit report. This report includes our report on the consolidated financial statements and the other legal and regulatory requirements. These parts should be considered as integral to the report.

We were appointed in our capacity as statutory auditor by the shareholders' meeting of 10 May 2017, in accordance with the proposal of the board of directors issued upon recommendation of the audit committee. Our mandate will expire on the date of the shareholders' meeting deliberating on the financial statements for the year ending 31 December 2019. We have performed the statutory audit of the financial statements of Cofinimmo NV/SA for 26 consecutive periods.

Report on the consolidated financial statements

Unqualified opinion

We have audited the consolidated financial statements of the group, which comprise the consolidated statement of financial position as at 31 December 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flow for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated statement of financial position shows total assets of 4 021 466 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 145 613 (000) EUR.

In our opinion, the consolidated financial statements give a true and fair view of the group's net equity and financial position as of 31 December 2018 and of its consolidated results and its consolidated cash flow for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISA), as applicable in Belgium. In addition, we have applied the International Standards on Auditing approved by the IAASB applicable to the current financial year, but not yet approved at national level. Our responsibilities under those standards are further described in the "Responsibilities of the statutory auditor for the audit of the consolidated financial statements" section of our report. We have complied with all ethical requirements relevant to the statutory audit of consolidated financial statements in Belgium, including those regarding independence.

We have obtained from the board of directors and the company's officials the explanations and information necessary for performing our audit.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
Valuation of investment properties	
• Investment properties measured at fair value (EUR 3 728 million) represent 93 per cent of the consolidated balance sheet total as at 31 December 2018. Changes in the fair values of the investment properties have a significant impact on the consolidated net result for the period and equity. • The portfolio includes completed investments and properties under construction and acquisitions. Divestments of investment properties are individually significant transactions. • The Group uses professionally qualified external valuers to fair value the Group's portfolio at three - monthly intervals. The valuers are engaged by the Directors and performed their work in accordance with the Royal Institute of Chartered Surveyors ('RICS') Valuation – Professional Standards. The valuers used by the Group have considerable experience in the markets in which the Group operates. • The portfolio is valued at fair value, with development properties valued by the same methodology with a deduction for all costs necessary to complete the development together with a remaining allowance for risk. The key inputs into the valuation exercise are yields and current market rent, which are influenced by prevailing market forces, comparable transactions and the specific characteristics of each property in the portfolio. • Therefore, the audit risk appears in the assumptions and critical judgment linked to those key inputs, in particular the yield. **Reference to disclosures** • We refer to the Financial Statements, including notes to the Financial Statements: Note 2, Significant accounting policies; Note 22, Investment property.	• We considered the internal control implemented by management and we carried out testing related to the design and implementation of controls over investment properties. • We assessed the competence, independence and integrity of the external valuers. • We discussed and challenged the valuation process, performance of the portfolio and significant assumptions and critical judgement areas. • We benchmarked and challenged the key assumptions to external industry data and comparable property transactions, in particular the yield. • We performed audit procedures to assess the integrity and completeness of information provided to the independent valuers related to rental income, key rent contract characteristics and occupancy. • We agreed the amounts per the valuation reports with the accounting records and from there we agreed the related balances with the financial statements. • As part of our audit procedures performed on the acquisitions and divestments of properties we examined significant contracts and documentation on the accounting treatment applied to these transactions. • Furthermore, we assessed the appropriateness of the disclosures provided on the fair value of investment properties.

Responsibilities of the board of directors for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters to be considered for going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the group or to cease operations, or has no other realistic alternative but to do so.

Responsibilities of the statutory auditor for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a statutory auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

During the performance of our audit, we comply with the legal, regulatory and normative framework as applicable to the audit of consolidated financial statements in Belgium.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate with them about all relationships and other matters that may reasonably be thought to bear our independence, and where applicable, related safeguards.

From the matters communicated to the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes any public disclosure about the matter.

Other legal and regulatory requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated financial statements.

Responsibilities of the statutory auditor

As part of our mandate and in accordance with the Belgian standard complementary (revised in 2018) to the International Standards on Auditing (ISA) as applicable in Belgium, our responsibility is to verify, in all material respects, the director's report on the consolidated financial statements as well as to report on these matters.

Aspects regarding the directors' report on the consolidated financial statements

In our opinion, after performing the specific procedures on the directors' report on the consolidated financial statements, this report is consistent with the consolidated financial statements for that same year and has been established in accordance with the requirements of article 119 of the Companies Code.

In the context of our statutory audit of the consolidated financial statements we are responsible to consider, in particular based on information that we became aware of during the audit, if the directors' report on the consolidated financial statements and other information disclosed in the annual report on the consolidated financial statements, i.e.:

- the required components of the Cofinimmo NV/SA annual report in accordance with Articles 96 and 119 of the Companies Code, which appear in the following chapters: Risk factors, Management report – Key figures, Management report – Consolidated accounts, Management report – Transactions and performances in 2018, Management report - Events after 31 December 2018, Management report – 2019 Outlook, Management report - Management of financial resources, Management report – Corporate governance statement and Annual accounts;

are free of material misstatements, either by information that is incorrectly stated or otherwise misleading. In the context of the procedures performed, we are not aware of such a material misstatement.

Statements regarding independence

- Our audit firm and our network have not performed any prohibited services and our audit firm has remained independent from the group during the performance of our mandate.
- The fees for the additional non-audit services compatible with the statutory audit, as defined in article 134 of the Companies Code, have been properly disclosed and disaggregated in the notes to the consolidated financial statements.

Other statements

- This report is consistent with our additional report to the audit committee referred to in article 11 of Regulation (EU) No 537/2014.

Zaventem, 11 March 2019

The statutory auditor

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises CVBA/SCRL
Represented by Rik Neckebroeck

Company accounts

COMPREHENSIVE RESULT (INCOME STATEMENT) (ABBREVIATED FORMAT)

(x 1,000 EUR)	2018	2017
A. Net result		
Rental income	121,331	122,240
Writeback of lease payments sold and discounted	8,815	12,473
Rental-related expenses	-381	-247
Net rental income	**129,765**	**134,466**
Recovery of property charges	-6	126
Recovery income of charges and taxes normally payable by the tenant on rented properties	15,575	17,277
Costs payable by the tenant and borne by the landlord on rental damage and redecoration at end of lease	-2,135	-3,635
Charges and taxes normally payable by the tenant on rented properties	-20,774	-19,930
Property result	**122,425**	**128,304**
Technical costs	-4,230	-3,213
Commercial costs	-973	-763
Taxes and charges on unlet properties	-4,248	-4,661
Property management costs	-12,170	-13,488
Other property charges	0	-6
Property charges	**-21,621**	**-22,131**
Property operating result	**100,804**	**106,174**
Corporate management costs	-5,216	-5,781
Operating result before result on the portfolio	**95,588**	**100,393**
Gains or losses on disposals of investment properties	27,500	565
Gains or losses on disposal of other non-financial assets	0	259
Changes in fair value of investment properties	-11,777	17,833
Other result on the portfolio	-2,639	-1,372
Result on the portfolio	**13,084**	**17,285**
Operating result	**108,673**	**117,678**
Financial income	49,463	42,844
Net interest charges	-25,644	-22,559
Other financial charges	-463	-843
Changes in the fair value of financial assets and liabilities	14,192	-12,803
Financial result	**37,548**	**6,639**
Pre-tax result	**146,220**	**124,317**
Corporate tax	-1,035	-3,261
Net result	**145,186**	121,056
B. Other elements of the comprehensive result recyclable in the income statement		
Impact of the recycling on the income statement of hedging instruments which relationship with the hedged risk was terminated	-578	11,281
Convertible bonds	300	
OTHER ELEMENTS OF THE COMPREHENSIVE RESULT	**-278**	11,281
C. Comprehensive result	**144,908**	132,337

APPROPRIATIONS AND DEDUCTIONS

(x 1,000 EUR)	2018	2017
A. Net result	**145,186**	121,056
B. Transfer from/to reserves	**-22,452**	-2,851
Transfer to the reserve of the positive balance of changes in the fair value of investment properties	**11,333**	**-20,975**
Financial year	11,333	-20,125
Previous years	0	-850
Transfer to the reserve of the negative balance of changes in the fair value of investment properties	**-20,819**	**8,378**
Financial year	-20,819	8,357
Previous years	0	21
Transfer to the reserve of the estimated transaction costs and rights resulting from the hypothetical disposal of investment property	**444**	**2,292**
Transfer to the reserve of the balance of the changes in fair value of authorised hedging instruments qualifying for hedge accounting	**0**	**2,670**
Financial year	0	2,507
Previous years	0	163
Transfer to the reserve of the balance of the changes in fair value of authorised cash flow hedging instruments not qualifying for hedge accounting	**6,292**	**-8,330**
Financial year	6,292	-8,330
Previous years	0	
Transfer from/to other reserves	**84**	**-199**
Transfer from the result carried forward of previous years	**-19,785**	**13,313**
C. Remuneration of the capital	**-84,170**	-43,640
Remuneration of the capital provided for in Article 13, § 1, paragraph 1 of the Royal Decree of 13.07.2014	-84,170	-43,640
D. Remuneration for financial year other than capital remuneration	**-38,564**	-74,565
Dividends	-38,162	-74,153
Profit-sharing scheme	-402	-412
E. Result to be carried forward	**198,844**	171,258

STATEMENT OF FINANCIAL SITUATION (BALANCE SHEET) (ABBREVIATED FORMAT)

(x 1,000 EUR)	2018	2017
Non-current assets	**3,681,840**	**3,478,828**
Intangible assets	919	820
Investment property	2,139,453	2,255,085
Other tangible assets	796	907
Non-current financial assets	1,447,679	1,145,899
Finance lease receivables	92,205	75,333
Other non-current receivables	789	782
Trade receivables and other non-current assets	0	1
Current assets	**92,208**	**54,730**
Current financial assets	33,663	
Finance lease receivables	1,625	1,551
Trade receivables	11,854	15,725
Tax receivables and other current assets	14,035	13,819
Cash and cash equivalents	1,957	1,615
Accrued charges and deferred income	29,074	22,020
TOTAL ASSETS	**3,774,049**	3,533,558
Shareholders' equity	**2,082,163**	1,903,159
Capital	1,232,176	1,144,164
Share premium account	664,203	600,021
Reserves	40,597	37,919
Net result for the financial year	145,186	121,056
Liabilities	**1,691,886**	1,630,399
Non-current liabilities	**1,009,879**	**1,084,340**
Provisions	22,422	25,861
Non-current financial debts	930,809	1,007,653
Credit institutions	208,000	286,400
Other	722,809	721,253
Other non-current financial liabilities	49,231	43,646
Deferred taxes	7,417	7,180
Current liabilities	**682,008**	**546,059**
Current financial debts	612,512	462,115
Other current financial liabilities	0	1,151
Trade debts and other currect debts	57,788	62,198
Accrued chargers and deferred income	11,707	20,596
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**3,774,049**	3,533,558

CALCULATION OF DEBT-TO-ASSETS RATIO

(x 1,000 EUR)		2018	2017
Non-current financial debts		930,809	1,007,653
Other non-current financial liabilities (except hedging instruments)	+	257	201
Current financial debts	+	612,512	462,115
Trade debts and other current debts	+	57,788	62,198
Uncalled amounts of acquired securities	+	180	180
Total debt	=	**1,601,546**	**1,532,347**
Total assets		3,774,049	3,533,558
Hedging instruments	-	9	871
Total assets (except hedging instruments)	=	**3,774,040**	**3,532,687**
DEBT-TO-ASSETS RATIO	/	**42.44 %**	43.38 %

OBLIGATION TO DISTRIBUTE DIVIDENDS ACCORDING TO THE ROYAL DECREE OF 13.07.2014 CONCERNING RRECS

(x 1,000 EUR)	2018	2017
Net result	**145,186**	**121,056**
Depreciation (+)	609	540
Impairments (+)	94	-36
Writeback of impairments (-)		
Writeback of lease payments sold and discounted (-)	-8,815	-12,473
Other non-cash elements (+/-)	8,081	-6,892
Result on disposal of property assets (+/-)	-27,500	-824
Changes in fair value of investment properties (+/-)	-6,360	-6,792
Corrected result (A)	**111,294**	**94,579**
Capital gains and losses realised on property assets during the financial year (+/-)	27,500	824
Realised gains on property assets during the year, exempt from the obligation to distribute if reinvested within four years (-)	-33,581	-885
Realised gains on property assets previously exempt from the obligation to distribute and that were not reinvested within four years (+)		
Net gains on realisation of property assets not exempt from the distribution obligation (B)	**-6,081**	**-61**
TOTAL (A+B) x 80 %	**84,170**	75,615
Debt decrease (-)		-31,975
Obligation to distribute dividends	**84,170**	43,640

NON-DISTRIBUTABLE EQUITY ACCORDING TO ARTICLE 617 OF THE COMPANY CODE

(x 1,000 EUR)	2018	2017
Total balance sheet	**3,774,049**	**3,533,561**
Provision	-22,422	-25,861
Liabilities	-1,669,464	-1,604,538
Net assets	**2,082,163**	**1,903,162**
Distribution of dividends and profit-sharing plan	-122,734	-118,205
Net assets after distribution	**1,959,428**	**1,784,957**
Paid-up capital or, if greater, subscribed capital	1,232,176	1,144,164
Share premium account unavailable for distribution according to the Articles of Association	664,203	600,021
Reserve for the positive balance of changes in the fair value of investment properties		
Reserve for the estimated transaction costs and transfer duties resulting from the hypothetical disposal of investment properties	-57,549	-59,514
Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge account	300	2,363
Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting	-3,802	2,404
Reserve for own shares		
Other reserves declared non-distributable by the General Meeting	2,651	2,816
Legal reserve		
Non-distributable equity according to Article 617 of the Company Code	**1,837,979**	**1,692,253**
Margin remaining after distribution	**121,449**	**92,704**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(x 1,000 EUR)	As at 01.01.2017			Allocation of the net result
Capital	**1,127,032**			
Share premiums	**584,012**			
Reserves	**45,264**			**96,627**
Reserve of the balance of changes in fair value of real estate assets	-124,576			36,463
Reserve of estimated transaction costs resulting from the hypothetical disposal of investment property	-55,753			-1,507
Reserve of the balance of changes in fair value of authorised hedging instruments to which the hedging accounting defined in IFRS is applied	-4,411			-2,414
Reserve of the balance of changes in fair value of authorised hedging instruments to which the hedging accounting defined in IFRS is not applied	-67,122			61,196
Distributable reserve	824			
Non-distributable reserve	-885			231
Deferred result	297,187			2,658
Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties	**0**			
Net result of the financial year	**96,627**			**-96,627**
Total des capitaux propres	**1,852,935**			**0**

(x 1,000 EUR)	As at 31.12.2017	Adjustments in the opening balance sheet	As at 01.01.2018	Allocation of the net result
Capital	**1,144,164**		**1,144,164**	
Share premiums	**600,021**		**600,021**	
Reserves	**37,919**		**37,919**	**121,056**
Reserve of the balance of changes in fair value of real estate assets	-88,113		-88,113	12,597
Reserve of estimated transaction costs resulting from the hypothetical disposal of investment property	-57,223		-57,223	-2,292
Reserve of the balance of changes in fair value of authorised hedging instruments to which the hedging accounting defined in IFRS is applied	5,033		5,033	-2,670
Reserve of the balance of changes in fair value of authorised hedging instruments to which the hedging accounting defined in IFRS is not applied	-5,926		-5,926	8,330
Distributable reserve	824		824	
Non-distributable reserve	-488		-488	199
Reserve of the change in fair value of the convertible bond attributable to the change of 'own' credit risk		-1,997	-1,997	
Deferred result	183,812	1,997	185,809	104,891
Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties				
Net result of the financial year	**121,056**		**121,056**	**-121,056**
Total shareholders' equity	**1,903,159**		**1,903,159**	

Dividends / coupons	Share issue	Exercise of option on Cofinimmo shares (Stock Option Plan, treasury shares)	Acquisitions/ Disposals oftreasury shares	Hedging of cash flows	Transfer between distributable reserves and non-distributable reserves on asset disposals	Other	Result of the financial year	As at 31.12.2017
	17,131							1,144,164
	16,009							600,021
-116,441	0	44	233	11,859	0	334	0	37,919
								-88,113
					37			-57,223
				11,859				5,033
								-5,926
								824
		-67	233					-488
-116,441		111			-37	334		183,812
							121,056	121,056
-116,441	33,140	44	233	11,859	0	334	121,056	1,903,159

Dividends / coupons	Share issue	Exercise of option on Cofinimmo shares (Stock Option Plan, treasury shares)	Acquisitions/ Disposals oftreasury shares	Hedging of cash flows	Transfer between distributable reserves and non-distributable reserves on asset disposals	Other	Result of the financial year	As at 31.12.2018
	88,013							1,232,176
	64,182							664,203
-118,205		-81	187		-578	300		40,598
					-8,489			-84,005
					2,408			-57,107
					-2,363			
					87			2,492
								824
		-839	164					-964
						300		-1,697
-118,205		758	23		7,779			181,055
							145,186	145,186
-118,205	152,195	-81	187		-578	300	145,186	2,082,163

Statutory Auditor's report on the financial statutory statements

Statutory auditor's report to the shareholders' meeting of Cofinimmo NV/SA for the year ended 31 December 2018 - Annual accounts

In the context of the statutory audit of the annual accounts of Cofinimmo NV/SA (the "company"), we hereby submit our statutory audit report. This report includes our report on the annual accounts and the other legal and regulatory requirements. These parts should be considered as integral to the report.

We were appointed in our capacity as statutory auditor by the shareholders' meeting of 10 May 2017, in accordance with the proposal of the board of directors issued upon recommendation of the audit committee and presentation of the works council. Our mandate will expire on the date of the shareholders' meeting deliberating on the annual accounts for the year ending 31 December 2019. We have performed the statutory audit of the annual accounts of Cofinimmo NV/SA for 26 consecutive periods.

Report on the annual accounts

Unqualified opinion

We have audited the annual accounts of the company, which comprise the statement of financial position as at 31 December 2018, the statement of comprehensive income, the statement of changes in equity and the statement of cash flow for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The annual accounts show total assets of 3 774 049 (000) EUR and the income statement shows a profit for the year ended of 145 186 (000) EUR.

In our opinion, the annual accounts of Cofinimmo NV/SA give a true and fair view of the net equity and financial position as of 31 December 2018 and of its results and its cash flow for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISA), as applicable in Belgium. In addition, we have applied the International Standards on Auditing approved by the IAASB applicable to the current financial year, but not yet approved at national level. Our responsibilities under those standards are further described in the "Responsibilities of the statutory auditor for the audit of the annual accounts" section of our report. We have complied with all ethical requirements relevant to the statutory audit of the annual accounts in Belgium, including those regarding independence.

We have obtained from the board of directors and the company's officials the explanations and information necessary for performing our audit.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of our audit of the annual accounts as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
Valuation of investment properties	
• Investment properties measured at fair value (EUR 2 173 million) represent 58 per cent of the balance sheet total as at 31 December 2018. Changes in the fair values of the investment properties have a significant impact on the net result for the period and equity. • The portfolio includes completed investments and properties under construction and acquisitions. Divestments of investment properties are individually significant transactions. • Cofinimmo NV/SA uses professionally qualified external valuers to fair value the company's portfolio at three - monthly intervals. The valuers are engaged by the Directors and performed their work in accordance with the Royal Institute of Chartered Surveyors ('RICS') Valuation – Professional Standards. The valuers used by Cofinimmo NV/SA have considerable experience in the markets in which the company operates. • The portfolio is valued at fair value, with development properties valued by the same methodology with a deduction for all costs necessary to complete the development together with a remaining allowance for risk. The key inputs into the valuation exercise are yields and current market rent, which are influenced by prevailing market forces, comparable transactions and the specific characteristics of each property in the portfolio. • Therefore, the audit risk appears in the assumptions and critical judgment linked to those key inputs, in particular the yield. **Reference to disclosures** • We refer to the annual accounts, including notes to the annual accounts: Note 2, Significant accounting policies; Note 18, Investment property.	• We considered the internal control implemented by management and we carried out testing related to the design and implementation of controls over investment properties. • We assessed the competence, independence and integrity of the external valuers. • We discussed and challenged the valuation process, performance of the portfolio and significant assumptions and critical judgement areas. • We benchmarked and challenged the key assumptions to external industry data and comparable property transactions, in particular the yield. • We performed audit procedures to assess the integrity and completeness of information provided to the independent valuers related to rental income, key rent contract characteristics and occupancy. • We agreed the amounts per the valuation reports with the accounting records and from there we agreed the related balances with the financial statements. • As part of our audit procedures performed on the acquisitions and divestments of properties we examined significant contracts and documentation on the accounting treatment applied to these transactions. • Furthermore, we assessed the appropriateness of the disclosures provided on the fair value of investment properties.

Responsibilities of the board of directors for the preparation of the annual accounts

The board of directors is responsible for the preparation and fair presentation of the annual accounts in accordance with the financial reporting framework applicable in Belgium and for such internal control as the board of directors determines is necessary to enable the preparation of the annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the board of directors is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters to be considered for going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the statutory auditor for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a statutory auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

During the performance of our audit, we comply with the legal, regulatory and normative framework as applicable to the audit of annual accounts in Belgium.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the annual accounts, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate with them about all relationships and other matters that may reasonably be thought to bear our independence, and where applicable, related safeguards.

From the matters communicated to the audit committee, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes any public disclosure about the matter.

Other legal and regulatory requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the directors' report on the annual accounts, for maintaining the company's accounting records in compliance with the legal and regulatory requirements applicable in Belgium, as well as for the company's compliance with the Companies Code and the company's articles of association.

Responsibilities of the statutory auditor

As part of our mandate and in accordance with the Belgian standard complementary (revised in 2018) to the International Standards on Auditing (ISA) as applicable in Belgium, our responsibility is to verify, in all material respects, the director's report on the annual accounts and compliance with certain obligations referred to in the Companies Code and the articles of association, as well as to report on these matters.

Aspects regarding the directors' report and other information disclosed in the annual report

In our opinion, after performing the specific procedures on the directors' report on the annual accounts, the directors' report on the annual accounts is consistent with the annual accounts for that same year and has been established in accordance with the requirements of article 95 and 96 of the Companies Code.

In the context of our statutory audit of the annual accounts we are responsible to consider, in particular based on information that we became aware of during the audit, if the directors' report on the annual accounts and other information disclosed in the annual report, i.e.:

- Risk factors, Management report – Key figures, Management report – Appropriation of company results, Management report – Transactions and performances in 2018, Management report - Events after 31.12.2018, Management report – Management of financial resources, Management report – Corporate governance statement and Annual accounts

is free of material misstatements, either by information that is incorrectly stated or otherwise misleading. In the context of the procedures performed, we are not aware of such a material misstatement.

Statement on the social balance sheet

The social balance sheet, to be filed at the National Bank of Belgium in accordance with article 100, § 1, 6°/2 of the Companies Code, includes, both in form and in substance, all of the information required by the Companies Code and is free from any material inconsistencies with the information available to us in the context of our mission.

Statements regarding independence

- Our audit firm and our network have not performed any prohibited services and our audit firm has remained independent from the company during the performance of our mandate.
- The fees for the additional non-audit services compatible with the statutory audit of the annual accounts, as defined in article 134 of the Companies Code, have been properly disclosed and disaggregated in the notes to the annual accounts.

Other statements

- Without prejudice to certain formal aspects of minor importance, the accounting records are maintained in accordance with the legal and regulatory requirements applicable in Belgium.
- The appropriation of results proposed to the general meeting is in accordance with the relevant legal and regulatory requirements.
- We do not have to report any transactions undertaken or decisions taken which may be in violation of the company's articles of association or the Companies Code.
- This report is consistent with our additional report to the audit committee referred to in article 11 of Regulation (EU) N° 537/2014.
- On February 8, 2018, the board of directors took a decision that led to the application of article 523 of the Company Code. The board of directors' decision dealt with the evaluation of the Executive Committee in terms of 2017 objectives, fixed remuneration of 2018 and variable remuneration of 2017 of all members of the Executive Committee. This decision is also in regard of the objectives of the Executive Committee for the year 2018. We refer to the Corporate Governance statement included in the Management report for a detailed description of the conflict of interest for the board of directors.
- The decision of the board of directors of June 28, 2018 related to the gratification of stock appreciation rights plan, as described in the Corporate Governance Statement included in the annual report, has the following financial consequences : the Board has decided to grant "Stock Appreciation rights" 1 600 Units to the Secretary-General. We refer to the Corporate Governance Statement included in the Management report for a detailed description of the conflict of interest for the board of directors.

Zaventem, 11 March 2019

The statutory auditor

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises CVBA/SCRL
Represented by Rik Neckebroeck

Deloitte.

Standing document

General information

Corporate name

Cofinimmo: public Regulated Real Estate Company incorporated under Belgian Law or public RREC incorporated under Belgian Law.

Registered office - administrative office

The registered and administrative offices are located at Boulevard de la Woluwe/Woluwedal 58, 1200 Brussels (Tel.: +32 2 373 00 00). The registered office can be moved to any other location in Belgium, in compliance with language laws, by simple decision of the Board of Directors, which will have all powers to formally record the resulting change in the Articles of Association.

The Company can establish administrative offices, branches or agencies in Belgium or other countries by simple decision of the Board of Directors.

Brussels trade register

The Company is registered with the Brussels Trade Register (Registre des Personnes Morales/Rechtspersonenregister) under No. 0426 184 049. Its VAT number is BE 0426 184 049.

Constitution, legal form and publication

Cofinimmo was set up as a limited liability company under Belgian Law (Société Anonyme/Naamloze Vennootschap) on 29.12.1983, by deed enacted before the notary André Nerincx in Brussels and published in the annexes of the Belgian Official Gazette (Moniteur Belge/Belgisch Staatsblad) of 27.01.1984 under No. 891-11. The Company has the legal form of a limited liability company incorporated under Belgian Law.

On 01.04.1996, Cofinimmo was approved as a public fixed-capital Real Estate Investment Trust (Sicafi/Bevak) incorporated under Belgian Law, registered with the Financial Services and Markets Authority (FSMA).

Since 26.08.2014, it is subject to the Regulated Real Estate Companies (Sociétés Immobilières Réglementées/Gereglementeerde Vastgoedvennootschappen) legal regime provided for in the Law of 12.05.2014 on Regulated Real Estate Companies. The Company has as its sole purpose to provide, directly or through a company in which it holds a stake in accordance with the provisions of the RREC legislation, buildings for users; and within the limits set by the RREC legislation, hold the property assets listed in Article 2, 5°, VI to XI of the RREC Law.

The Company is also governed by the provisions of the Royal Decree of 13.07.2014 on Regulated Real Estate Companies.

The Articles of Association have been amended on various occasions, most recently on 08.01.2019 by deed enacted before the Notary-in-Partnership Louis-Philippe Marcelis in Brussels and published in the annexes to the Belgian Official Gazette (Moniteur Belge/Belgisch Staatsblad) of 28.01.2019.

The Company undertakes issues for general subscription as meant by Article 438 of the Company Code.

Duration

The Company is constituted for an unlimited term.

Company purpose

Article 3 - Purpose

"3.1 The Company's sole purpose is to:

(a) provide, directly or through a company in which it holds a stake in accordance with the provisions of the RREC legislation, buildings for users; and

(b) within the limits set by RREC legislation, hold the property assets listed in Article 2, 5°, VI to XI of the RREC Law.

By property assets, it is meant:

i. buildings as defined in Articles 517 et seq. of the Civil Code and real rights on buildings, excluding forests, farmland or mines;

ii. shares or stakes with voting rights issued by real estate companies, whose share capital is held directly or indirectly up to more than twenty-five percent (25 %) by the company;

iii. option rights on property assets;

iv. shares of public or institutional Regulated Real Estate Companies, provided in the latter case, that more than twenty-five percent (25 %) of the share capital is held directly or indirectly by the company;

v. rights from contracts granting the Company a finance lease on one or several assets or giving it other similar rights of use;

vi. shares of public or institutional Sicafis/Bevaks;

vii. shares of foreign organisations for collective real estate investment listed in Article 260 of the RREC Law;

viii. shares of organisations for collective real estate investment established in another member state of the European Economic Area and not listed in Article 260 of the RREC Law, provided that they are subject to supervision equivalent to that applied to public Sicafis/Bevaks;

ix. shares or stakes issued by companies (i) having legal personality; (ii) incorporated under the law of another member state of the European Economic Area; (iii) whose shares are admitted to trading on a regulated market and/or are subject to prudential supervision; (iv) which have as their main activity the acquisition or construction of buildings with a view to accommodate users, or the direct or indirect holding of stakes in certain types of entities with a similar corporate purpose; and, (v) which are exempted from income tax with regard to gains resulting from the activity described under (iv) above, providing compliance with constraints, of which at least the legal obligation to distribute a share of their revenues to their shareholders (Real Estate Investment Trusts, or REITs);

x. property certificates referred to in Article 5, § 4 of the Law of 16.06.2006;

xi. the shares of S-REIT.

Real estate assets referred to in Article 2, 5°, (vi), (vii), (viii), (ix) and (xi) of the RREC law, that constitute shares in alternative investment funds within the meaning of Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on management of alternative investment funds (and amending Directives 2003/41/EC and 2009/65/EC and the Regulation (EC) no. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies and (EU) no. 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European supervisory authority (European Securities and Markets Authority) amending decision no. 716/2009/EC and repealing Commission Decision 2009/77/EC) cannot be qualified as shares or voting shares issued by real estate companies regardless of the amount of the shareholding held directly or indirectly by the company.

(c) enter into, in the long term, where appropriate in collaboration with third parties, directly or through a company in which it holds a shareholding in accordance with the RREC regulation, with a public contracting authority or adhere to one or many:

i. DBF contracts ('Design, Build, Finance'), except if they qualify exclusively as a promotional market for building in the framework of the legislation relating to the public procurement;

ii. DB(F)M contracts ('Design, Build, (Finance) and Maintain');

iii. DBF(M)O contracts ('Design, Build, Finance, (Maintain) and Operate'); and/or

iv. Contracts for public works concessions relating to buildings and/or other real estate infrastructures and to services relating thereto and on the basis of which:

(i) the RREC is responsible for the provision, maintenance and/or operation for a public entity and/or citizens as end-users, in order to satisfy a social need and/or to allow the offer of a public service; and

(ii) the RREC, without necessarily having rights in rem, can assume, in whole or in part, the financing risks, the availability risks, the demand risks, and/or the operational risks, as well as the risk of building;

(d) ensure in the long-term, as the case may be in collaboration with third parties, directly or through a company in which it as a shareholding in accordance with the RREC regulation, the development, establishment, management, and operation, with the possibility of outsourcing these activities:

i. storage installations and facilities for the transport, distribution or storage of electricity, gas, fossil or non-fossil fuels, and energy in general, including assets related to such infrastructures;

ii. installations for the transport, distribution, storage or purification of water, including assets related to such infrastructures; or

iii. facilities for the generation, storage and transport of renewable energy or not, including assets related to such infrastructures; or

iv. Incinerators and landfills, including assets related to these infrastructures.

With regard to providing buildings, the Company can exercise all activities related to the construction, fitting out, refurbishment, development, acquisition, disposal, management and operation of buildings.

3.2 On an ancillary or temporary basis, the Company can make placements in securities which do not constitute property assets as meant by the RREC legislation. These placements must be made in compliance with the risk management policy adopted by the Company and be diversified so as to ensure appropriate diversification of risks. The Company can also hold non-affected cash, in all currencies, in the form of sight or term deposits or of any monetary market instruments that can easily be mobilised.

Moreover, it can carry out transactions on hedging instruments, aimed exclusively at hedging interest rate and currency exchange risks within the context of the financing and management of the Company's property assets listed in Article 4 of the RREC Law and excluding any transactions of a speculative nature.

3.3 The Company can give or take one or several buildings under a finance lease. The activity consisting of giving buildings under finance leases with a call option can only be exercised on an ancillary basis, except if the buildings are intended for public use, including social housing and schooling (in which case the activity can be exercised as a main activity).

3.4 The Company can have an interest, through mergers or otherwise, in any affair, enterprise or company having a similar or related purpose and which can benefit the development of its activity and, in general, undertake any transactions related directly or indirectly to its corporate purpose as well as any act useful or necessary for the realisation of its corporate purpose.

The Company is required to carry out all of its activities and transactions in accordance with the rules and within the limits set by the RREC legislation and any other applicable legislation."

Article 4 - Prohibitions

"The Company may not:

- act as a real estate developer as meant by the RREC legislation, with the exception of occasional transactions;
- participate in an underwriting syndicate;
- lend financial instruments, with the exception of loans realised under the conditions and according to the provisions of the Royal Decree of 07.03.2006;
- acquire financial instruments issued by a private law company or association which has been declared bankrupt, which has reached a friendly agreement with its creditors, which has been the object of a judicial reorganisation procedure, which has obtained a suspension of payments, or which has been the object, in a foreign country, of a similar measure;
- foresee contractual agreements or statutory clauses by which he would be derogated from the voting rights that belong to him according to the applicable law, on the basis of participation by twenty-five percent (25 %) plus one share, in the company codes."

Financial year

The financial year starts on January 1st and ends on December 31st of each year.

Locations at which documents accessible to the public may be consulted

The Company's Articles of Association may be consulted at the clerk's office of the Brussels Commercial Court, as well as on the website www.cofinimmo.com. Cofinimmo Group's statutory and consolidated accounts are filed at the National Bank of Belgium, in accordance with all applicable legal provisions. Decisions related to the appointment and dismissal of members of the Board of Directors are published in the annexes of the Belgian Official Gazette (Moniteur Belge/Belgisch Staatsblad). Notices convening General Shareholder Meetings are published in the annexes of the Belgian Official Gazette (Moniteur Belge/Belgisch Staatsblad) and in two daily financial newspapers. The notices and all documents related to General Shareholder Meetings are available simultaneously on the website www.cofinimmo.com.

All press releases and other financial information published by the Cofinimmo Group over the past five years can be consulted on the website www.cofinimmo.com.

Annual Financial Reports may be obtained from the registered office or consulted on the website www.cofinimmo.com. They are sent each year to the registered shareholders and to any parties expressing a wish to receive them. They include reports by the real estate experts and the Statutory Auditor.

Tax regimes

Belgium: the public Regulated Real Estate Company (public RREC)

The public Regulated Real Estate Company (public RREC) has a status similar to that which exists in many countries: Real Estate Investment Trust (REIT) in the US, Fiscale Beleggingsinstelling (FBI) in the Netherlands, G-REIT in Germany, Société d'Investissements Immobiliers Cotée (SIIC) in France and UK-REIT in the UK.

This regime is currently governed by the Law of 12.05.2014 and the Royal Decree of 13.07.2014 on Regulated Real Estate Companies.

The main characteristics of the public RREC are:

- closed-end company;
- stock exchange listing;
- activity consisting of providing buildings to users; as an ancillary activity, the RREC can invest its assets in listed securities;
- the Belgian subsidiaries of a public RREC can be approved as institutional RREC;
- diversification of risk: no more than 20 % of the consolidated property portfolio invested in a single property;
- consolidated debt limited to 65 % of the market value of assets; the amount of mortgages and other securities is limited to 50 % of the total fair value of the properties and to 75 % of the value of the mortgaged property;
- very strict rules governing conflicts of interest;

- regular valuation of the property portfolio by independent evaluator experts; properties recognised at their fair value; no amortisation;
- results (rental income and capital gains on disposals less operating expenses and financial charges) are exempt from corporate tax;
- at least 80 % of the sum of the corrected result and of the net realised gains on disposals of property assets not exempted from compulsory distribution are subject to compulsory distribution; the decrease in debt during the financial year can however be subtracted from the amount to be distributed;
- withholding tax of 30 % for natural persons residing in Belgium.

Companies applying for public or institutional RREC status, or which merge with a RREC, are subject to an exit tax, which is treated in the same way as a liquidation tax, on net unrealised gains and on tax-exempt reserves, at a rate of 12.50 % (increased by an additional crisis contribution of 2 %, for a total of 12.75 %, applicable until 31.12.2019). Cofinimmo obtained its public RREC status on 26.08.2014. It had previously operated under the Sicafi/Bevak status since 01.04.1996.

Belgium: the institutional Regulated Real Estate Company (institutional RREC)

The institutional RREC, governed by the Law of 12.05.2014 and the Royal Decree of 13.07.2014, is a light version of the public RREC. It enables the public RREC to extend the taxation characteristics of its legal form to its subsidiaries and to undertake specific partnerships and projects with third parties. The institutional RREC status is acquired upon approval by the FSMA.

The main characteristics of the institutional RREC are:

- non-listed company controlled for more than 25 % by a public RREC;
- registered shares held by eligible investors or natural persons with a minimum holding of 100,000 EUR;
- no diversification or debt ratio requirement (consolidation at public RREC level); dividend distribution obligation;
- owned jointly or exclusively by a public RREC;
- exclusive purpose of providing buildings to users;
- no obligation to appoint a real estate expert as real estate assets are appraised by the expert of the public RREC;
- statutory accounts drawn up in accordance with IFRS regulations (same accounting scheme as the public RREC);
- strict rules on operations and conflicts of interest;
- subject to auditing by the FSMA.

Belgium: the Specialised Real Estate Investment Trust (S-REIT)

In the course of 2018, Cofinimmo has set up eight Specialised Real Estate Investment Trusts ('S-REIT') governed by the Royal Decree of 9 November 2016 relating to specialised real estate investment trusts (Moniteur Belge/Staatsblad of 18 November 2016) . This tax system allows real estate investment in a flexible and efficient trust mechanism.

The main features of S-REIT are:

- a light regulatory regime without the approval and direct supervision of the FSMA, on the condition that certain criteria are met. Only the registration on a list held by the Belgian Ministry of Finance is required;
- financial instruments issued by an S-REIT can only be acquired by eligible investors;
- the S-REIT may be exempted from the AIFM law (law of 19 April 2014 on alternative investment funds and their managers), if certain criteria are met;
- the S-REIT is subject to a minimum investment volume of at least 10,000,000 EUR at the end of the second financial year following its inclusion in the S-REIT list;
- the S-REIT is a closed fund with fixed capital and can't be publicly traded;
- the S-REIT invests in real estate, defined broadly, but without mandatory diversification requirements or (the use of) leverage limits;
- the S-REIT draws up its statutory accounts by applying IFRS (excluding Belgian GAAP);
- the S-REIT is subject to an obligated annual distribution of 80 % of its results;
- the duration of an S-REIT is limited to ten years with the possibility of extending this period by consecutive periods of up to five years each.

France: the Société d'investissements Immobiliers Cotée (SIIC)

The Société d'Investissements Immobiliers Cotée (SIIC) tax regime, introduced by the Finance Law for 2003 No. 2002-1575 of 30.12.2002 authorises the creation in France of real estate companies subject to a specific tax regime, similar to that of the RREC regime in Belgium.

Cofinimmo Group opted, through its French branch, for the first time for the SIIC regime on 04.08.2008.

The essential characteristic of this tax regime is to introduce a system of taxation of profits at the level of the shareholder (the company is not itself subject to corporate tax because of its strictly real estate activities) and allows Cofinimmo to benefit from an exemption from corporate tax on the rental income and realised gains of its French branch and subsidiaries in return for an obligation to distribute 95 % of the profits from the letting of its property assets.

The main characteristics of the SIIC regime are:

- an exemption from corporate tax on the fraction of profits arising from i) the letting of buildings, ii) capital gains on property disposals, iii) capital gains on disposals of shares in subsidiaries having opted for the SIIC regime or in other companies with a similar purpose, iv) proceeds distributed by subsidiaries having opted for the SIIC regime, and v) shares in profits of companies engaged in a real estate activity;

- results distribution obligation: 95 % of the exempted profits arising from rental income, 60 % of the exempted profits arising from the disposal of properties, shares in companies and subsidiaries subject to the SIIC regime, and 100 % of the dividends distributed to them by their subsidiaries subject to corporate tax having opted for the SIIC regime;

- when opting for the SIIC regime, payment over four years of an exit tax at the reduced rate of 19 % on unrealised capital gains relating to properties and shares of companies not subject to corporate tax held by the SIIC or its subsidiaries having opted for the SIIC regime.

The Netherlands: the Fiscale Beleggingsinstelling (FBI)

Cofinimmo obtained, through its Dutch subsidiary SuperStone, the status of Fiscale Beleggingsinstelling (FBI) on 01.07.2011. This tax regime allows companies to benefit from a total exemption from corporate income tax under certain conditions.

The main characteristics of the FBI regime are:

- only public limited companies, limited liability companies and mutual funds can be considered FBIs;

- the FBI's statutory purpose and actual operations may only involve the investment of assets;

- investments in property assets may be financed by external capital up to no more than 60 % of the book value of the property assets;

- all other investments may be financed by external capital up to no more than 20 % of the book value of the investments;

- at least 75 % of shares or ownership interests in an unlisted FBI must be held by natural persons, entities not subject to income tax and/or listed investment companies;

- shares or ownership interests in an unlisted FBI may not be held, directly or indirectly, for 5 % or more by a natural person (or their partner);

- entities established in the Netherlands may not own 25 % or more of the shares or ownership interests of an unlisted FBI through non-resident companies or funds;

- FBI profits are subject to a 0 % corporate tax rate;

- the share of FBI profits that can be distributed must be paid to the shareholders and other beneficiaries within eight months following the close of each financial year;

- the profits on shares distributed are subject to a dividend withholding of 5 %.

Germany

The investments of Cofinimmo or its subsidiaries in Germany do not benefit from the G-REIT status, which is not accessible to them.

Share capital

Issued capital

The issued capital of 1,232,176,076.34 EUR is fully paid-up.

Share capital

The shares have no par value.

Schedule of changes

The history of share capital changes prior to 2018 can be consulted in the 2017 Annual Financial Report as well as in Title VIII of the Company's Articles of Association. These documents are available on the Company's website www.cofinimmo.com.

Changes in share capital in 2018

Date of transaction		30.06.2018	01.07.2018	30.09.2018	31.12.2018	
Type of transaction	Position as at 31.12.2017	Conversion of preference shares Q2 2018	Capital increase in cash	Conversion of preference shares Q3 2018	Conversion of preference shares Q4 2018	Position as at 31.12.2018
Issue price (in EUR)			94.50			
Amount of share capital (in EUR)			88,012,530.95			
Amount of the net contribution to shareholders' equity (in EUR)			155,204,343.00			
Number of ordinary shares		+420	+1,642,374	+170	+767	
Number of ordinary shares after the transaction	20,667,381	20,667,801	22,310,175	22,310,345	22,311,112	22,311,112
Number of preference shares COFP1				-37		
Number of preference shares COFP1 after the transaction	395,011	395,011	395,011	395,011	395,011	395,011
Number of preference shares COFP2		-420		-170	-767	
Number of preference shares COFP2 after the transaction	288,482	288,062	288,062	287,892	287,125	287,125
Total number of preference shares after the transaction	683,493	683,073	683,073	682,903	682,136	682,136
Amount of share capital after the transaction (in EUR)	1,144,163,545.39		1,232,176,076.34			1,232,176,076.34

Description of share types

At 31.12.2018, Cofinimmo had issued 22,310,345 ordinary shares. The procedure referred to in the Articles of Association, as provided by Law, is applicable to modify their rights.

In addition to ordinary shares, Cofinimmo issued two series of preference shares in 2004. The main features of the preference shares are:

- priority right to an annual fixed gross dividend of 6.37 EUR per share, capped at this amount, which represents a gross yield of respectively 5.90 % and 6.10 % for COFP1 and COFP2 compared to the subscription price or a net yield of respectively 4.13 % and 4.27 % after deduction of the 30 % withholding tax;
- priority right, in case of liquidation, to a distribution equal to the issue price, capped at this amount;
- option for the holder to convert their preference shares into ordinary shares as of the fifth anniversary of their issue date (01.05.2009) and during the last ten days of each quarter, at a rate of one new ordinary share for one preference share (see pages 262 to 264);
- option for a third party designated by Cofinimmo (for example, one of its subsidiaries) to purchase in cash and at their issue price, the preference shares that have not yet been converted, as of the 15th anniversary of their issue date (2019);
- preference shares are registered, listed on the First Market of Euronext Brussels and carry a voting right identical to that of ordinary shares.

The first series of 702,490 preference shares (on Euronext: COFP1) was issued on 30.04.2004 and the second series of 797,276 shares (on Euronext: COFP2) on 26.05.2004. The characteristics of these series of preference shares are identical, with the exception of the issue price (107.89 EUR for the COFP1 shares vs. 104.44 EUR for the COFP2 shares), which represents the purchase price.

Changes in the conversion of preference shares into ordinary shares

	Converted COFP1 shares	Converted COFP2 shares
2009	112,885	60,188
2010	27,878	49,505
2011	48,430	133,071
2012	118,099	260,313
2013	50	497
2014	100	2,097
2015	0	637
2016	0	295
2017	37	2,023
From 22.03.2018 to 31.03.2018	0	0
From 21.06.2018 to 30.06.2018	0	420
From 21.09.2018 to 30.09.2018	0	170
From 22.12.2018 to 31.12.2018	0	767

Authorised capital

At 31.12.2017, the authorised capital amount was 1,038,987,469.05 EUR concerning capital increases referred to in 1°) below and 207,868,580.40 EUR in accordance with point 2°) below (see chapter 'Corporate Governance statement').

On 01.02.2017, the Extraordinary General Meeting decided to grant the Board of Directors authorisation to increase the share capital of the Company in application of Articles 603 et seq. of the Company Code, in one or more tranches, for a period of five years as of the publication on 17.02.2017 in the annexes of the Belgian Official Gazette (Moniteur Belge/Belgisch Staatsblad) of the minutes of the Extraordinary General Meeting, in the maximum amount of:

1°) 1,127,000,000.00 EUR, if the capital increase to be carried out is a capital increase by cash subscription:

- with either the option to exercise a preferential subscription right for Company shareholders as allowed for by Articles 592 et seq. of the Company Code;
- or including an irrevocable allocation right for the Company's shareholders as allowed for in Article 26, § 1 of the Law of 12.05.2014 on Regulated Real Estate Companies; and of,

2°) 225,000,000.00 EUR for all other forms of capital increases not covered by point 1°) above;

it being agreed that, in any event, the share capital can never be increased as part of the authorised capital in excess of 1,127,000,000.00 EUR in total.

Changes in treasury shares

The Cofinimmo Group held 42,172 treasury shares at 01.01.2018. All of these shares are entitled to a share of the results of the financial year starting 01.01.2018.

The Cofinimmo Group held 40,347 treasury shares on 31.12.2018 (held by Cofinimmo SA/NV), representing a level of self-ownership of 0.18 %.

Position at 01.01.2018	**42,172**
Transfers and disposals of shares for the employee stock option plan during the first half of 2018	0
Transfers and disposals of shares for the employee stock option plan during the second half of 2018	1,825
Position at 31.12.2018	**40,347**

Shareholding

The shareholding structure is set out in the 'Cofinimmo in the Stock Market' chapter of this Annual Financial Report. It can also be consulted on the Company's website www.cofinimmo.com.

Exerpts of the Articles of Association

Summary of changes in 2018

On 09.05.2018, the Extraordinary General Meeting of the Company made the following amendments to the Articles of Association:

- modification of Article 3 relating to corporate purpose and Articles 4, 6.6, 6.7 and 11 following the amendment of the Law on Regulated Real Estate Companies by the law of 6 October 2017;
- amendment of Article 6.3 following the renewal of the authorisation granted to the Board of Directors to acquire, pledge and alienate own shares.

Capital

Article 6, Point 2 - Authorised capital

The Board of Directors is therefore empowered to increase the share capital in one or more tranches up to a maximum of:

1°) 1,127,000,000.00 EUR, if the capital increase is an increase by subscription in cash:

- with the option to exercise a preference subscription right for Company shareholders as provided in Articles 592 and seq. of the Company Code;

- or, by including an irrevocable allocation right for shareholders of the Company, as provided for in Article 26§1 of the Law of 12 May 2014 on Regulated Real Estate Companies, and

2°) 225,000,000.00 EUR for all other forms of capital increases not covered by point 1 above;

- it being agreed that, in any event, the share capital can never be increased as part of the authorised capital in excess of 1,127,000,000.00 EUR in total, for a period of five years from the publication of the decision;

- on the dates and according to the procedures to be decided by the Board of Directors in accordance with Article 603 of the Company Code, in the event of a capital increase accompanied by the payment or entry in the accounts of a share premium, only the amount assigned to the capital will be subtracted from the remaining available amount of the authorised capital.

The authorisation is granted for a period of five years as of the publication of the minutes of the Extraordinary General Meeting of 01.02.2017.

For any capital increase, the Board of Directors sets the price, the share premium, where appropriate, and the issue conditions for new shares, unless a decision on these elements is taken by the General Meeting itself.

Share capital increases decided in this way by the Board of Directors may be carried out by subscription in cash or by non-cash contributions, provided that legal provisions are complied with, or by incorporation of reserves or the share premium account, with or without the creation of new shares, and increases may give rise to the issue of Ordinary Shares or Preference Shares. Capital increases may also be carried out by the issue of convertible bonds or subscription rights (whether or not attached to another security) which can give rise to the creation of Ordinary Shares or Preference Shares.

The Board of Directors is only entitled to abolish or limit the preferential subscription right of the shareholders, including in favour of specific persons other than staff members of the Company or its subsidiaries, (i) within the limits set in point 1°) of the first paragraph of this Article, and (ii) provided that an irreducible allocation right is granted to the existing shareholders at the time of allocation of the new shares. This irreducible allocation right must meet the conditions laid down in the RREC legislation and Article 6.4 of the Articles of Association.

It does not need to be granted in the case of a cash contribution for the distribution of an optional dividend, under the conditions provided for in Article 6.4 of the Articles of Association.

Share capital increases by non-cash contribution are carried out in accordance with the conditions laid down by the RREC legislation and the conditions provided for in Article 6.4 of the Articles of Association. Such contributions may also relate to the dividend right in the context of the distribution of an optional dividend.

Where capital increases decided in accordance with these authorisations involve a share premium, the amount thereof, after charging any expenses, shall be allocated to an account unavailable for distribution known as a 'share premium account' which shall constitute, like the capital, the guarantee of third parties and may not be reduced or annulled except by decision of the General Meeting deliberating under the conditions of quorum and majority required for reducing the capital, subject to its incorporation in the capital.

Article 6, Point 3 - Acquisition, pledge and transfer of treasury shares

The Company may acquire or pledge its own shares subject to the conditions provided for by Law. It is authorised to dispose of shares, on or off the stock market, under the conditions laid down by the Board of Directors, without prior authorisation from the General Meeting.

The Board of Directors is specifically authorized, for a period of five years from the publication in the appendices of the Belgian Official Gazette (Moniteur Belge/Staatsblad) of the minutes of the General Meeting of May 9, 2018, to acquire, pledge and dispose (even outside stock exchange) on behalf of Cofinimmo, the treasury shares of the Company at a unit price that may not be less than eighty-five percent (85 %) of the closing market price of the day preceding the date of the transaction (acquisition, sale and pledge) and that may not be more than one hundred and fifteen percent (115 %) of the closing market price of the day preceding the date of the transaction (acquisition, pledge) without Cofinimmo being able at any time to hold more than ten percent (10 %) of the total shares issued.

The authorisations referred to above include acquisitions and disposals of Company shares by one or more direct subsidiaries of the Company, as meant by the legal provisions relating to the acquisition of shares of a parent company by its subsidiary companies.

The authorisations referred to above cover both Ordinary Shares and Preference Shares.

Article 6, Point 4 - Capital increases

All capital increases must be carried out in accordance with Articles 581 to 609 of the Company Code as well as the RREC legislation.

The Company is forbidden from directly or indirectly subscribing to its own capital increase.

For any capital increase, the Board of Directors sets the price, the share premium, where appropriate, and the issue conditions for new shares, unless a decision on these elements is taken by the General Meeting itself.

In the event of a share issue without mention of a nominal value below the par value of the existing shares, the invitation to the General Meeting must mention it explicitly.

If the General Meeting decides to ask for the payment of an issue premium, it must be entered in an unavailable reserve account which may only be reduced or abolished by a decision of the General Meeting deliberating in accordance with the provisions laid down for the amendment of the Articles of Association. Like the capital, the issue premium will be in the nature of a common pledge in favour of third parties.

Contributions in kind may also relate to the right to a dividend in the context of the distribution of an optional dividend, with or without an additional cash contribution.

In the event of a capital increase by contribution in cash by decision of the General Meeting or in the context of the authorised capital, the preference subscription right of shareholders may only be limited or abolished on condition that an irreducible right of allocation is granted to the existing shareholders on the allocation of new shares. This irreducible right of allocation must meet the following conditions in accordance with the RREC legislation:

- it relates to all the newly issued shares;
- it is granted to shareholders in proportion to the part of the capital represented by their shares at the time of the transaction;
- a maximum price per share is announced no later than the day before the opening of the public subscription period, which must last for at least three trading days.

The irrevocable right of allocation applies to the issue of shares, convertible bonds and subscription rights which can be exercised by means of a cash contribution. It need not be granted in the case of a contribution in cash with limitation or abolition of the preference subscription right, in addition to a non-cash contribution in the context of the distribution of an optional dividend, provided that the granting thereof is in fact open to all shareholders.

Capital increases by way of non-cash contribution are subject to the rules prescribed by Articles 601 and 602 of the Company Code.

In addition, the following conditions must be complied with in the case of a non-cash contribution, in accordance with the RREC legislation:

- the identity of the party making the contribution must be mentioned in the report of the Board of Directors referred to in Article 602 of the Company Code, as well as, where appropriate, in the notice convening the General Meeting which is to take a decision on the capital increase;
- the issue price may not be below the lower value of (a) a net asset value per share dating back no more than four months before the date of the contribution agreement or, at the Company's choice, before the date of the capital increase deed, or (b) the average closing price during the 30 calendar days prior to this same date.

In this respect, it is permitted to subtract from the amount referred to in point 2(b) above an amount corresponding to the portion of the gross undistributed dividends, of which the new shares could be deprived, provided that the Board of Directors specifically justifies the amount of the accumulated dividends to be deducted in its special report and discloses the financial conditions of the transaction in the Annual Financial Report;

except when the issue price, or in the case referred to in Article 6.6, the exchange rate, and their terms and conditions are determined and communicated to the public no later than the working day following the conclusion of the contribution agreement, mentioning the timeframe within which the capital increase will in fact be carried out, the capital increase deed is concluded within a maximum of four months; and the report referred to in point 1 above must also explain the impact of the proposed contribution on the situation of the existing shareholders, in particular concerning their portion of the profits, the net asset value per share and the capital, as well as the impact in terms of voting rights.

These additional conditions are not applicable in the case of a contribution of the dividend right in the context of the distribution of an optional dividend, provided that its granting is in fact open to all shareholders.

Shares

Article 7 - Types of shares

The shares are without par value.

Shares are divided into two categories: ordinary shares (referred to as 'Ordinary Shares' in these Articles of Association) and preference shares (referred to as 'Preference Shares' in these Articles of Association). Preference Shares confer the rights and have the characteristics set out in Article 8 of the Articles of Association.

Ordinary Shares are registered or dematerialised shares, at the choice of the owner or holder (hereafter 'the Shareholder') and within the limits laid down by the law. The Shareholder may, at any time and at no cost, request that their registered shares be converted into dematerialised shares or inversely. The Preference shares are registered. All dematerialised shares are represented by an entry in the Shareholders' account held by an accredited account holder or settlement institution.

A register of registered shares is held at the registered office of the Company, and, where appropriate and permitted by Law, in electronic form. Shareholders may consult the register with respect to their registered shares.

The Company's bearer shares, previously issued and entered in the securities account on 01.01.2008, exist in dematerialised form as of that date. The other bearer shares will also be automatically converted to dematerialised shares as they are entered in the securities account at the request of the Shareholder, as at 01.01.2008.

At the end of the period provided for in the legislation applicable to the abolition of bearer shares, any bearer shares that have not yet been submitted for conversion will be automatically converted into dematerialised shares and entered in the securities account by the Company.

Article 8 - Preference Shares

In addition to the Ordinary shares, the Company may issue Preference shares, against a cash or non-cash contribution, or in connection with a merger. Preference shares confer the rights and have the characteristics set out below:

8.1. Preference dividends

8.1.1. Each Preference Share carries entitlement to a dividend payable by priority in relation to the dividend payable on Ordinary Shares (hereafter the ‘Priority Dividend’).

The annual gross amount of the Priority Dividend is six euros thirty-seven cents (6.37 EUR) per Preference Share.

The Priority Dividend is only due, in full or in part, when there are distributable profits as meant by Article 617 of the Company Code and when the Company’s General Meeting decides to distribute dividends.

Accordingly, in the event that, during any given year, there are no distributable profits as meant by Article 617 of the Company Code, or the General Meeting decides not to pay dividends, no Priority Dividend will be paid to the holders of Preference Shares. Furthermore, in the event that, during any given year, the level of distributable profits as meant by Article 617 of the Company Code does not permit payment of the full amount of the Priority Dividend, or that the General Meeting decides to distribute dividends the amount of which is insufficient to pay the full Priority Dividend, the holders of Preference Shares will only receive a Priority Dividend in the amounts distributed.

8.1.2. Preference Shares do not confer rights to the distribution of profits other than the Priority Dividend, subject to their priority right in the event that the Company is liquidated, as explained in point 8.5 below. It follows that the dividend to be distributed to the Preference Shares may never exceed the annual gross amount of the Priority Dividend, namely six euros thirty-seven cents (6.37 EUR) per Preference Share.

8.1.3. The Priority Dividend is released for payment on the same day as the dividend payable on the Ordinary Shares, except in the event of market requirements or to comply with legal provisions, provided that the delay does not exceed ten working days. The distributable profit to be allocated will first be paid to the holders of Preference Shares, in the amount of six euros thirty-seven cents (6.37 EUR) per Preference Share. Any amount remaining from the distributable profit will then be paid to the holders of Ordinary Shares.

In the event that, during any given year, no dividend is released for payment on the Ordinary Shares, the Priority Dividend will be released for payment on June 1st of that year.

8.1.4. The Priority Dividend is non-cumulative. This means that, in the event that the dividend is not paid or only paid in part during one or more given years, the holders of Preference Shares will not be able to recover, during the subsequent year or years, the difference between any amount or amounts that may have been paid and the amount of six euros thirty-seven cents (6.37 EUR) per Preference Share.

8.1.5. In the event that, during any given year, the General Meeting were to decide to allocate a dividend on the Ordinary Shares payable other than in cash, the Priority Dividend will be payable in cash or according to the same method as Ordinary Shares, at the option of each of the holders of Preference Shares.

8.2. Conversion

Preference Shares are convertible into Ordinary Shares, in one or more times, at the option of their holders and exercised in the following cases:

(1) as of the fifth anniversary of their issue date, from May 1st to May 10th of that year, and subsequently during the last ten days of each quarter of the calendar year;

(2) at any time during a period of one month following the notification of the implementation of the promise of sale referred to below; and,

(3) in the event of the Company being liquidated, during a period starting fifteen days after the publication of the liquidation decision and ending on the day before the General Meeting convened to conclude the liquidation process.

The conversion rate will be one Ordinary Share for one Preference Share.

The conversion will be carried out by issuing new Ordinary Shares, without increasing the Company’s capital. The Company’s Board of Directors may have the conversions recorded in an authentic document. These official records may be grouped together at the end of each calendar quarter, on the understanding that the conversion will be deemed to have taken effect on the date of dispatch of the conversion request.

The conversion request must be addressed to the Company by the holder of the Preference Shares by registered post, indicating the number of Preference Shares for which conversion is requested.

8.3. Call option

As of the fifteenth year following their issue, the third party designated by the Company may purchase in cash all or some of the unconverted Preference Shares. However, this purchase may only take place

(1) at the earliest forty-five days after the Company’s Board of Directors has given notification of its decision to exercise the call option, and provided that the Preference Shares in question have not in the meantime been converted into Ordinary Shares by their holders, and

(2) only after any Priority Dividends relating to the year preceding notification of the exercise of the call option have been paid to the holders of Preference Shares.

In the event that the purchase involves only a portion of the unconverted Preference Shares, it will be applied to each holder of Preference Shares, proportionately to the number of Preference Shares held.

Furthermore, should it be the case, for any reason whatsoever, that the unconverted Preference Shares represent no more than two and a half percent (2.5 %) of the total number of Preference Shares originally issued, the third party designated by the Company may purchase the balance of the unconverted Preference Shares, as of the fifth year following their issue date, at the earliest forty-five days after the Company’s Board of Directors has given notification of its decision to exercise the call option, and provided that the Preference Shares in question have not been converted into Ordinary Shares by their holders in the meantime.

The purchase of the unconverted Preference Shares will be made at a price equal to their issue price (capital and share premium, where applicable).

The call option will be exercised by means of notification given by the third party designated by the Company, sent to each of the holders of Preference Shares in question by registered letter, of their decision to purchase Preference Shares. The notification must indicate the number of Preference Shares to be sold by the holder of the Preference Shares in question. Transfer of title will take place forty-five days following notification, by means of payment of the price by transfer to the bank account to be indicated by the holders of Preference Shares in response to the notification.

The subscription or acquisition, for any reason whatsoever, of Preference Shares implies the obligation of the holder of Preference Shares to sell the Preference Shares, the purchase of which has been duly decided by virtue of this provision, to the third party designated by the Company within forty-five days of the above-mentioned notification. Subscription or acquisition also entails an irrevocable mandate given to the Company to enter the required particulars in the shareholders' register as a record of transfer of the Preference Shares.

In the event of the holder of Preference Shares failing to present the Preference Shares, the purchase of which has been duly decided upon, within forty-five days of the notification of the exercise of the call option, any shares not presented will automatically be deemed to have been transferred to the third party designated by the Company, subject to deposit of the purchase price with the Caisse des Dépôts et Consignations/Deposito- en Consignatiekas.

8.4. Voting rights

Each Preference Share provides the same voting right as an Ordinary Share at the General Meeting.

8.5. Priority in the event of liquidation

In the event that the Company is liquidated, each Preference Share will receive, by priority, an amount in cash equal to the paid-up issue price (capital and share premium, where applicable) of the Preference Share in question from the net assets of the Company remaining after discharge of all debts, charges and liquidation expenses.

The Preference Shares will not participate in the distribution of any liquidation surplus. From this it follows that the amount to be distributed to Preference Shares in the event of liquidation may never exceed the issue price (capital and share premium, where applicable) of the Preference Shares.

In the event of the liquidation of the Company, whether voluntary or compulsory, the holders of Preference Shares will automatically have the right to convert their Preference Shares into Ordinary Shares during a period beginning fifteen days after the publication of the liquidation decision and ending on the day before the General Meeting convened to conclude the liquidation process, on the understanding that the holders of Preference Shares will be informed by the liquidator, prior to the meeting, of the result of the liquidation operations.

No distribution will be made to the shareholders before the expiry of the conversion period except if all Preference Shares have been converted into Ordinary Shares.

8.6. Maximum percentage of Preference Shares

The Preference Shares may not represent in total more than fifteen per cent (15 %) of the Company share capital following their issue, unless otherwise decided by at least a seventy-five per cent (75 %) majority of the votes in each share class.

In addition, the Company may not issue Preference Shares or reduce the share capital in such a way that the Preference Shares represent in total more than fifteen per cent (15 %) of the Company's share capital or carry out any other transaction which has this effect, unless otherwise decided by at least a seventy-five per cent (75 %) majority of the votes in each share class.

8.7. Modification of the rights attached to the different share classes

In accordance with Article 560 of the Company Code, any decision to modify the rights of Preference Shares or to replace the Preference Shares with another class of shares may only be taken provided that, for each class of shares, the required terms and conditions concerning presence and majority are met in order for the Articles of Association to be modified.

8.8. Form

The Preference Shares are, and shall remain, registered.

Other securities

Article 9 - Other securities

The Company is entitled to issue the securities referred to in Article 460 of the Company Code, with the exception of profit shares and similar securities and subject to compliance with the specific rules provided for by the RREC legislation. The securities may take the forms provided for by the Company Code.

Shareholding

Article 10 – Admission to trading and disclosure of major holdings

The Company's shares must be traded on a regulated Belgian market, in accordance with the RREC legislation.

All shareholders are required to notify the Company and the Financial Services and Markets Authority (FSMA) of their holding of securities conferring the right to vote, of voting rights or of other similar financial instruments of the Company, in accordance with the legislation on the disclosure of major participations.

The percentages which, when exceeded, give rise to a notification obligation under the requirements of the legislation on the disclosure of major participations are set at five per cent and multiples of five per cent of the total number of existing voting rights.

Apart from the exceptions provided for by the Company Code, no one may take part in voting at the General Meeting of the Company for a number of votes exceeding that in the holding declared at least twenty (20) days prior to the General Meeting.

Administration and supervision

Article 11 - Composition of the Board of Directors

The Company is administered by a Board of Directors consisting of at least five members appointed, in principle, for a term of four years by the General Meeting, which can remove them at any time.

Director terms are renewable.

The Board of Directors must include at least three Independent Directors meeting the criteria stipulated in Article 526ter of the Company Code.

The term of out-going Directors who have not been re-elected ends immediately following the General Meeting which conducted the re-election procedure.

In the event that one or more directorships are not filled, the remaining Directors shall be empowered to appoint temporary replacements at a meeting of the Board for the period until the next General Meeting, which shall hold the final election.

Remuneration may not be determined in accordance with the operations and transactions carried out by the Company or its subsidiaries.

Without prejudice to temporary provisions, Directors are exclusively natural persons. They must meet the conditions of integrity and expertise laid down in the RREC legislation and may not fall within the scope of the prohibitions defined in the RREC legislation.

The appointment of Directors is subject to prior approval by the Financial Services and Markets Authority (FSMA).

Article 17 - Company representation and signature of documents

Except where the Board of Directors has delegated special powers of representation, the Company is represented in all its acts, including those involving a public official or a ministerial officer and in legal proceedings, both as applicant or defendant, either by two Directors acting jointly, or within the limits of the powers conferred to the Executive Committee, by two members of said Committee acting jointly or, within the limits of their powers of day-to-day management, by two persons delegated such powers, acting jointly.

The Company is further validly represented by special authorised representatives of the Company within the limits of the term of office granted to them for this purpose by the Executive Committee or the Board of Directors or, within the limits of their powers of day-to-day management, by those persons delegated such powers.

Article 18 - Audits

The Company must appoint one or more auditors who will carry out the duties incumbent upon them under the Company Code and the RREC legislation.

The Auditor must be approved by the Financial Services and Markets Authority (FSMA).

General Shareholders’ meetings

Article 19 - Meetings

The Annual General Meeting shall be held on the second Wednesday of May at 3.30pm.

Should this day be a public holiday, the Meeting shall take place on the next working day at the same time, not including Saturday or Sunday.

The Ordinary or Extraordinary General Meeting shall be held at the location indicated in the notice convening the General Meeting.

The threshold above which one or more shareholders may, in accordance with Article 532 of the Company Code, require that a General Meeting be held in order to submit one or more proposals to it, is set at twenty per cent of all the shares with voting rights.

One or more shareholders together holding at least 3 % of the share capital of the Company may, in accordance with the provisions of the Company Code, require the inclusion of items to be dealt with on the agenda of any General Meeting, and submit proposals for decisions concerning items to be dealt with included or to be included on the agenda.

Article 20 - Attendance at the General Shareholders’ Meeting

The right to attend the General Meeting and to exercise voting rights is subject to the registration in the accounts of the shares in the name of the shareholder on the 14th day prior to the General Meeting, at midnight (Belgian time) (below, the registration date), either by their registration on the register of shareholders of the Company, by their registration in the accounts of an approved account holder or of a clearing house, without account being taken of the number of shares held by the shareholder on the day of the General Meeting.

The owners of dematerialised shares wishing to attend the Meeting must produce an attestation issued by their financial intermediary or approved account holder certifying the number of dematerialised shares registered in the name of the shareholder in its accounts on the registration date and for which the shareholder has declared that they wish to attend the General Meeting. The deposit must be made at the registered office or with the establishments designated in the notices convening the meeting, no later than the sixth day prior to the date of the Meeting. Registered shareholders wishing to attend the Meeting must notify the Company of their intention by ordinary letter, fax or email, sent no later than the sixth day before the date of the Meeting.

Article 21 - Voting by proxy

All owners of shares entitling them to attend the Meeting may arrange to be represented by an authorised representative, who may or may not be a shareholder.

The shareholder may appoint only one person as their authorised representative for any given General Meeting, unless otherwise provided by the Company Code.

The power of attorney must be signed by the shareholder and reach the Company or the place indicated in the notice convening the Meeting no later than the sixth day prior to the date of the Meeting.

The Board of Directors may draw up a proxy form.

Joint owners, usufructuaries and bare owners, creditors and pledgers must arrange to be represented respectively by one and the same person.

Article 22 - Bureau

Every General Meeting is chaired by the Chairman of the Board of Directors or, in their absence, by the Managing Director or, should they also be absent, by the person designated by the Directors present.

The Chairman appoints the secretary.

The General Meeting selects two scrutineers.

The Directors present complete the bureau.

Article 23 - Number of votes

Each Ordinary and Preference Share confers entitlement to one vote, except in cases in which voting rights are suspended by the Company Code.

Article 25 - Voting by correspondence

By authorisation given by the Board of Directors in its notice convening the meeting, shareholders will be authorised to vote by correspondence using a form prepared by the Company. The form must include the date and venue of the Meeting, the name or company name of the shareholder and their address or registered office, the number of votes that the shareholder wishes to cast at the General Meeting, the form of the shares held, the items on the agenda for the Meeting (including the proposals for decisions), a space allowing a vote to be made for or against each motion, or to abstain, and the deadline by which the voting form must reach the Meeting. It must be expressly stipulated that the form must be signed, the signature certified and the entire document sent by registered letter no later than the sixth day prior to the date of the Meeting.

Article 27 - General Bondholders' Meeting

The Board of Directors and the auditor(s) of the Company can convene the bondholders for a General Bondholders' Meeting. They must also convene a General Bondholders' Meeting when asked by bondholders representing one fifth of the total bonds outstanding. The notice convening the Meeting must include the agenda and must be established in accordance with the applicable provisions of the Company Code. To be admitted to the General Meeting of Bondholders, the Bondholders must conform to the formalities of Article 571 of the Company Code and to any formalities provided for in the conditions relating to the issue of bonds or in the notice convening the Meeting.

Accounting procedures - distribution

Article 29 - Distribution

The Company has an obligation to distribute to its shareholders, within the limits allowed by the Company Code and the RREC legislation, a dividend of which the minimum amount is laid down by the RREC legislation.

By decision of the Extraordinary General Meeting of 29.03.2011, the Board of Directors is authorised to decide to distribute to the employees of the Company and its subsidiaries, a share in the profits for a maximum amount of one per cent (1 %) of the profit for the financial year, for a period of five years as of the publication of the decision.

The authorisation granted in the above paragraph is therefore valid through 08.04.2016. It enables, or enabled, the Board of Directors, based on the authorisation, to decide the allocation of a portion of the profits for all financial years closed on 31 December 2011, 2012, 2013, 2014 and 2015.

By decision of the Extraordinary General Meeting of 06.01.2016, the authorisation granted to the Board of Directors on 29.03.2011, described in the two preceding paragraphs, was eliminated and replaced by a new authorisation granted to the Board of Directors under the terms of which it is authorised to allocate to the employees of the Company and of its subsidiaries, a participation in the profits up to a maximum of one percent (1 %) of the profits of the financial year, for a new period of five years, with the first profit available for distribution being that of the financial year two thousand fifteen.

The authorisation proposed in the above paragraph is granted for a period of five years as of 01.01.2016 (it being agreed that, based on the authorisation, the Board of Directors can allocate part of the profits for the financial year closed on 31.12.2015).

Dissolution - liquidation

Article 32 - Loss of capital

In the event that half or three quarters of the capital is lost, the Directors must submit the issue of the Company's liquidation to the General Meeting, in accordance with the formal requirements set out in Article 633 of Company Code.

Glossary

Adjusted velocity

Velocity multiplied by the free float percentage.

BREEAM (Building Research Establishment Environmental Assessment Method)

Method assessing the building's environmental performance and sustainability (www.breeam.org).

Call option

The right to purchase a specific financial instrument at a pre-set price and during a specific period.

Contractual rents

Rents as defined contractually in leases at the closing date, before deduction of rent-free periods or other incentives granted to the tenants.

Dach und Fach

German term for leases stipulating that the maintenance costs of the building's roof and structure, and sometimes of technical equipment, are assumed by the owner.

Debt-to-assets ratio

Legal ratio calculated according to RREC legislation as financial and other debts divided by total assets.

Dividend yield

Gross dividend divided by the average share price during the year.

Double net

So-called 'double net' rental contracts (leases) or yields imply that maintenance costs are, to a greater or lesser extent, assumed by the owner (lessor). These costs include expenses for the maintenance of roofs, walls and façades, technical and electrical installations, surroundings, the water supply and drainage systems. Specific provisions of the lease may state that part or all of these maintenance costs can be charged to the lessee.

Due diligence

Procedure intended to establish a complete and certified inventory of a company, asset or real estate portfolio (accounting, economic, legal and tax aspects) before a financing or acquisition transaction.

EPRA (European Public Real Estate Association)

An association of European real estate companies listed on the stock market whose purpose is to promote the industry (www.epra.com).

EPRA Europe

European FTSE EPRA/NAREIT Global Real Estate Index created by EPRA composed of representative stocks of the European listed real estate sector.

Ex-date

Date as of which stock exchange trading takes place without the entitlement to the forthcoming dividend-payment (due to the 'detachment of the coupon', which formerly represented the dividend), i.e. three working days after the Ordinary General Shareholders' Meeting

Fair value

Investment properties' disposal value according to IAS/IFRS accounting principles, i.e. after deduction of transaction costs, as determined by real estate experts. The transaction costs are fixed by independent experts at a 2.5 % flat rate for properties located in Belgium. However, the costs to deduct for properties with a less than 2.5 million EUR overall value, are registration rights (10 % or 12.5 %) applicable according to the property's location . The transaction costs for assets located in France, the Netherlands and Germany, amount vary from 2 % to 7 %.

FBI (Fiscale Beleggingsinstelling)

Dutch fiscal status, comparable to the RREC status.

Financial rating

Rating awarded by specialised agencies' (Standard & Poor's in Cofinimmo's case) providing a company's short- and long-term financial soundness estimate. These ratings influence the rate at which a company can raise financing.

Free float

Percentage of shares held by the public. According to the Euronext and EPRA definitions, this includes all shareholders who individually own less than 5 % of the total number of shares.

FSMA (Financial Services and Markets Authority - Autorité des Services et Marchés Financiers)

The autonomous regulatory authority governing financial markets in Belgium.

GPR250 (Global Property Research 250)

Stock exchange index of the 250 largest listed real estate companies worldwide.

Green and Social Bonds

Green and social bonds whose income is intended to (re)finance projects with a positive contribution to sustainable, environmental or societal development. In December 2016, Cofinimmo became the first European real estate company to issue Green and Social Bonds.

(Initial) gross rental yield

The ratio between the (initial) rent of an acquired asset and its acquisition value, transaction fees not deducted.

IAS/IFRS (International Accounting Standards/International Financial Reporting Standards)

International accounting standards of the International Accounting Standards Board (IASB) in order to prepare the financial statements.

Investment value

The portfolio's value established by real estate experts, without deduction of transaction costs.

IRS (Interest Rate Swap)

An interest rate exchange contract (usually fixed against floating or vice-versa) between two parties to exchange financial flows calculated on a fixed notional amount, frequency and maturity.

Leasehold right

A temporary real right which consists in having full use of a property belonging to another party, in return for an annual acknowledgment fee to the lessor in recognition of his right of ownership ('canon/pacht'). In Belgium, a leasehold has a minimum term of 27 years and a maximum term of 99 years.

Market capitalisation

Stock market price at close multiplied by the total number of outstanding shares on that date.

MCB (Mandatory Convertible Bonds)

Debt instrument which enables the debtor to reimburse his loans in shares on the due date. Holders of MCB are called 'MCB holders'.

Medical office building

Building where a number of different healthcare professionals (physicians, psychologists, dentists, physiotherapists, pharmacists, etc.) receive their patients/customers.

Net result

Net result from core activities plus (+) result on financial instruments plus (+) result on the portfolio.

Net result from core activities

Operating result before the result on the portfolio, plus (+) the financial result (financial income - financial charges), minus (-) income taxes.

Occupancy rate

Is calculated by dividing the (indexed, excluding assets held for sale) contractual rents of the current leases by the sum of these contractual rents and the vacant spaces' Estimated Rental Value, the latter being calculated on the basis of the current rents' level on the market.

Operating margin

Operating result before the result on the portfolio divided by the property result.

Pay-out ratio

Percentage of the net result from core activities distributed by way of a dividend.

PEB (Energy Performance of a Building)

This index, issued from the 2002/91/EC European Directive, expresses the energy amount needed for the various requirements related to a normal building use. It results from a calculation of various factors that influence energy demand (insulation, ventilation, solar and internal contributions, heating, etc.).

PPP (Public-Private Partnership)

Partnership between the public and private sectors on projects with a public destination: urban renewal, infrastructure works, public buildings, etc.

Record date

Date on which positions are closed to identify the dividend-entitled shareholders, i.e. two working days after the ex-date.

REIT (Real Estate Investment Trust)

A listed real estate investment trust in the United States.

RREC (Regulated Real Estate Company)

Status created in 2014 with the same objectives as the Real Estate Investment Trusts (REIT) in different countries: REIT (USA), SIIC (France) and FBI (Pays-Bas). RRECs are supervised by the Financial Services and Markets Authority (FSMA) and subject to specific regulations.

Result on financial instruments

Change in fair value of the financial instruments, plus (+) the restructuring costs of the financial instruments.

Result on the portfolio

Realised and unrealised gains and losses compared with the last real estate expert's valuation, plus (+) the exit tax due following the entry of any asset into the RREC, SIIC or FBI regimes.

Revalued net assets

Net asset value. At market value estimated equity resulting from the difference between the company's assets and liabilities (both being shown directly, for the most part at market value, in Cofinimmo's balance sheet). This value is calculated based on the building valuation provided by independent evaluators.

Royal Decree of 14.11.2007

Royal Decree relating to the obligations of financial instruments' issuers admitted for trading on a regulated market.

Royal Decree of 13.07.2014

Royal Decree relating to Regulated Real Estate Companies (RREC).

Service flats

Small apartments providing accommodation for (semi)-autonomous elderly people combined with domestic and meal services.

SICAFI (Société d'investissement à Capital Fixe Immobilier)

Status created in 1995 to promote collective investment in real estate. SICAFIs are supervised by the Financial Services and Markets Authority (FSMA) and subject to specific regulations

SIIC (Société d'investissement Immobilier Cotée - French REIT Regime)

French tax status, comparable to the RREC status.

SSR (Clinique de Soins de Suite et de Réadaptation)

Clinic providing rehabilitation care following a hospital stay for a medical condition or surgery.

Take-up

Letting of rental spaces.

Triple net

So-called 'triple net' lease contracts or yields imply that insurance costs, taxes and maintenance expenses are at the cost of the tenant (lessee). It mainly concerns the leases for nursing and care homes in Belgium.

Velocity

Parameter indicating a share's circulation speed. It is obtained by dividing the total volume of shares ex-changed during the financial year by the total number of shares outstanding during that period.

Withholding tax

Tax withheld by a bank or by another financial intermediary on a dividend payment.

ZBC (Zelfstandig BehandelCentrum)

Independent private clinic in the Netherlands.

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Team Control

Pictures

Buildings : David Plas , Atelier Jahr,
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